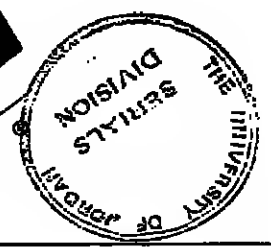


Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST



Paris, Wednesday, November 24, 1993

No. 34,443

With a Fight, EC Approves Modest Curbs To Workweek

But British Opposition To 48-Hour Limit Bodes Ill for the 4-Day System

By Tom Buckle

BRUSSELS — At a time when many Europeans argue that a four-day workweek could solve their unemployment crisis, the prospects for actually agreeing on such a step appear dim in the wake of a bitter debate over a far more modest limit of 48 hours on the working week. European Community social affairs ministers formally adopted a directive on Tuesday that would impose a 48-hour limit, including overtime. It would also require breaks every six hours and a minimum daily rest of at least 11 straight hours, and four weeks of paid vacation. The move ratified a political agreement among ministers to accept the limit several months ago. But Britain, which has long opposed the effort as an infringement on national prerogative and workers' right to work, vowed to challenge the move in court.

Britain also blocked an attempt to institute EC-wide parental leave of three months after the birth of a baby, for mothers and fathers, as well as special leave of undefined duration for pressing personal reasons.

The clash showed that despite Britain's success in getting the Community to consider high wage and social welfare costs as a major factor behind Europe's record unemployment, this was evident in the widespread criticism that finance ministers heaped on an EC Commission plan to combat joblessness on Monday — the country has failed to blunt Europe's enthusiasm for new legislation on worker rights.

"Today we have passed a milestone on the road towards the creation of a European social policy," said Padraig Flynn, the EC commissioner for social affairs.

But such a social policy is anathema to Britain, which ratified the Treaty on European Union only after obtaining an exemption from its protocol on social policy.

Labor Minister Miel Smet of Belgium, which holds the rotating EC presidency, expressed frustration over British obstruction of EC initiatives like the one on parental leave, which was first put forward 10 years ago. She said the ministers would have to consider ignoring Britain and adopting a directive on leave among the other 11 EC member states, most likely by doing so under the Massachusetts Treaty's social protocol.

The Community has been pushing for a 48-hour working limit for three years, and the measure will take effect in 1996. Britain continued to oppose the limit despite winning a grace period of seven years before it would have to apply the law, as well as the right for workers to volunteer to work more than 48 hours.

Britain's employment secretary, David Hunt, said his government would challenge the directive on the grounds that it had been rammed through as a health and safety measure, which can be adopted by a majority of member states rather than unanimously.

A recent report by Britain's Institute of Personnel Management said that 40 percent of Britons work longer than a 40-hour week, and many exceed 48 hours. Fewer than 5 percent of workers in Germany, Denmark, Belgium, Luxembourg and the Netherlands work a 40-hour week, the report said.

Also Tuesday, Britain won a four-year exemption from a new EC law restricting work by children and adolescents to a maximum of 12 hours a week.



Kevin Langan/Reuters

Britain Cuts Interest Rates to 16-Year Low

Traders in sterling futures during a hectic Tuesday on the London Financial Futures and Options Exchange, after the Bank of England pushed interest rates down to 5.5 percent, the lowest in 16 years, in a bid to accelerate economic recovery. Page 9.

U.S. Seeks to Mend Fences With Europe

By Steven A. Holmes

WASHINGTON — After weeks of pointedly declaring that the United States would increase its attention to the fast growing markets of Asia and Latin America, the Clinton administration is trying to mend fences with Europe, saying that it, too, is considered important.

In what would be viewed as the diplomatic equivalent of sending roses after a spat, Secretary of State Warren M. Christopher invited a group of European journalists in for interviews this week in which he emphasized the critical role Europe still has in U.S. foreign policy.

Though he did not retreat from earlier statements that Washington is at times too focused on Europe, Mr. Christopher, sounding like the lawyer he is, said he did not mean to "degrade" Europe.

Europe, he told the reporters, "remains at the center of our concerns."

The invitations to the eight journalists were made last week even as Mr. Christopher and President Bill Clinton attended a meeting in Seattle of heads of state of the Asia-Pacific Economic Cooperation forum and stressed that America's most important trade relationships were across the Pacific, and not the Atlantic.

Even before the Pacific Basin summit meeting, Mr. Christopher had suggested in an interview that Europe's importance in world affairs was diminishing and that Washington had been too "Eurocentric" in its foreign policy.

"Western Europe is no longer the dominant power in the world," Mr. Christopher said in an interview last month.

Mr. Christopher's comments caused a storm across the Atlantic — at least if headlines are any guide. And while unapologetic about them on Monday, he attempted to soothe ruffled feathers, reminding the journalists that Mr. Clinton is due to visit Europe

at least three times in the first seven months of 1994.

"I wouldn't exactly call it a charm offensive, but it was an attempt at reassurance," said Jessi Maritz, the Washington bureau chief of The Financial Times of London, who attended the interview session for newspaper and magazine reporters.

"For months they've been saying that Europe is almost irrelevant," said another of the reporters. "That message has been received so much in Europe that it has come to the point that it is damaging their policy. I guess they figured it's time to do some kind of gesture."

The gesture came a week before Mr. Christopher was to travel to Brussels for the semi-annual meeting of the North Atlantic Council, the political arm of NATO, and to Rome for a meeting of the Conference on Security and Cooperation in Europe. Jawing with journalists prior to a trip to their area is not

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Clinton Links Deal With North Korea To A-Plant Opening

He Says U.S. Is Prepared to Resolve All Differences if Pyongyang Agrees

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton said Tuesday that the United States was ready to resolve its differences with North Korea if the Communist regime would resume talks with South Korea and allow outside inspection of its nuclear program.

"We are prepared to discuss with North Korea a thorough, broad approach to the issues that divide us, and once and for all resolve the nuclear issue," Mr. Clinton said at a news conference with President Kim Young Sam of South Korea.

"But we cannot do that in the absence of a dialogue between North and South Korea, and while there is still growing doubt about the continuity of safeguards" surrounding North Korea's nuclear program, Mr. Clinton said.

"My administration has made it clear to North Korea it faces a simple choice," Mr. Clinton said.

"If it abandons its nuclear options and honors its international nonproliferation commitments," he said, "the door will be open on a wide range of issues, not only with the United States but with the rest of the world. If it does not, it risks facing the increased opposition of the entire international community."

Mr. Clinton did not spell out what form that opposition might take, but members of his administration have been saying that the United States may seek Security Council approval for economic sanctions against North Korea.

"Neither President Kim nor I are eager to go to the United Nations and ask for sanctions against North Korea," Mr. Clinton said. "That is not a particularly attractive option."

But, Mr. Clinton added, "we have not relaxed anything." Mr. Clinton was making it clear that the United States would prefer to deal with North Korea diplomatically, as Japan and South Korea have urged, rather than force a confrontation.

President Kim said of the North Korean nuclear question, "We will make thorough and broad efforts to bring this issue to its final conclusion."

Mr. Clinton said in answer to a question that he and President Kim "are not divided at all" in

their approach. He said they had agreed to "re-examine what our policies are" if North Korea reopens talks with the South and allows the inspections.

Mr. Clinton said he and President Kim were "concerned by North Korea's concentration of forces near the Demilitarized Zone" that has separated the North and South since the end of the Korean War in 1953. He repeated that there would be a massive U.S. military response to any North Korean attack on the South.

The two leaders conferred a day after Mr. Clinton said he was working on "a new approach" to get North Korea to give up its nuclear weapons program.

Mr. Clinton said Monday that he would announce details of the new strategy after seeing President Kim, whose country has been engaged in a tense military and political stand-off with the hard-line Communist North since the Korean War ended.

But a senior administration official said the South Koreans were discouraging the White House from immediately making public the details of the new approach, even though they fully agreed with the shift.

They "don't want the president to announce something dramatic" that would appear to the South Korean public to be a substantial concession to the North, said the official.

The official said the Clinton administration planned to spell out the new approach to North Korea officials in New York on Saturday.

The administration's goal is to end a stalemate over North Korea's resistance to Western demands that it allow inspectors from the UN-sponsored International Atomic Energy Agency to fully monitor its nuclear program.

North Korea insists its nuclear work is strictly for peaceful purposes, while the United States and others contend that it is seeking to build nuclear weapons. North Korea describes the United Nations inspections as an infringement on its sovereignty and part of an American-led campaign to punish it for remaining communist.

The standoff carries a growing sense of urgency because the atomic energy agency is moving closer to declaring formally that it no

See CLINTON, Page 5

Italy's Crumbling Center: On Path to Instability?

By William Drozdiak

ROME — Italy's political revolution appears to be accelerating toward a new phase of instability as the mainstream parties that have governed the country for four decades now teeter on the brink of extinction.

The collapse of the center in municipal elections on Sunday, in which the Christian Democrats and their coalition partners won less than 15 percent of the vote, revealed the intensity of voter disgust with a succession of corrupt governments whose tenure in power was sustained chiefly by Cold War fears of communism.

Although Italian voters have emphasized their desire to get rid of a decaying political class, it is far from clear what they want as a replacement. The big winners in Sunday's vote — the former Communists, the populist Northern League and the neo-Fascist Italian Social Movement — scored their gains largely through protest votes rather than the appeal of their party messages.

Early national elections, perhaps by February, now seem inevitable since the governing parties have been so thoroughly discredited. The main impediment appears to be corruption charges facing 150 members of parliament, who

fear they could be tossed into prison once they lose their legal immunity along with their seats.

But another round of balloting is not likely to guide Italy toward a new equilibrium. The social and economic challenges facing Italy are so formidable and the political forces so polarized that a political scientist, Giovanni Sartori, says he believes the next parliament will prove the country has become "absolutely ungovernable."

The 20-month corruption inquiry into the endemic practice of exchanging bribes for government contracts has all but dried up construction work on state projects. Italy has nearly 40 percent of its economy tied up in the state sector, more than any other country in Western Europe.

The government of prime minister Carlo Azeglio Ciampi, a central banker appointed last April to steer the country toward fresh elections, has tried to push some bloated state enterprises into the private sector to invigorate the economy. But the streamlining that would accompany such a process, with tens of thou-

See ITALY, Page 4

Airline Industry Expecting More Labor Trouble

By Adam Bryant

NEW YORK — The walkout by flight attendants at American Airlines has ended for now, but industry experts say that further labor turmoil is likely in the coming year and many people may find their travel plans disrupted. Big airlines like American are reacting to new competition from upstart, no-frills carriers by asking their unions to help drive down costs. And the unions, which have fought such pressure since the industry was deregulated in 1978, are not cooperating.

American faces contract negotiations with its pilots' union next year and its mechanics' union in 1995. They may prove to be as intransigent as the attendants.

Another strife may occur sooner, perhaps as early as next month, at United Airlines, where union leaders have threatened "Armed golden" and "war" if United follows through on its plans to sell off divisions and lay off thousands of workers. The unions failed this month to buy control of the airline to block those sales and lay-offs.

The airlines are in the throes of transforming themselves to compete with new carriers like Kivi International Air Lines and Reno Air, said Kevin Murphy, an industry analyst at Morgan Stanley. This flight-attendants strike is just the opening salvo in what will be a series of labor confrontations through 1994.

Despite the uncertainty that labor strife creates

See AIRLINES, Page 2

Andorra	9.00	FF	Luxembourg	60 L	Fr
Airlines	11.20	FF	Marocco	12 Dh	
Caribbean	200 CFA		Qatar	2.00	Rials
Egypt	2.00	FF	Reunion	11.20	FF
France	9.00	FF	Saudi Arabia	2.00	R.
Gabon	480 CFA		Senegal	480 CFA	
Greece	280 Dr.		Seychelles	200 SFR	
Ivory Coast	500 CFA		Turkey	1.00	Din
Jordan	1 JD		U.A.E.	5.50	Dirh
Lebanon	1.50	U.S. ML	(Eur.)	91.10	

Victory Base, Somalia: Mission Canceled

By Rick Atkinson

MOGADISHU, Somalia — The 71-ton behemoth dubbed Crazy Horse may be the meanest machine in East Africa.

Carrying 40 high-explosive shells, each capable of destroying any structure in its cross hairs, as well as 13,000 machine-gun rounds, the M-1A1 Abrams tank overlooks the streets of central Mogadishu less than three kilometers to the southeast, a looming symbol of American firepower.

Yet neither Crazy Horse nor any of the other 29 Abrams tanks or 42 Bradley Fighting Vehi-

cles shipped to Somalia more than a month ago have yet to venture into those streets.

Except for occasional excursions to training ranges away from the city, the heavy armor of the 1st Battalion of the 64th Armored Regiment has remained behind the triple strands of concertina wire surrounding Victory Base, a muddy encampment bulldozed from an old surface-to-air missile site.

That inertia is likely to continue, perhaps until the last U.S. combat troops leave Somalia on March 31, U.S. and United Nations military officers say, because of a decision made here in recent days to keep a low profile regardless of

President Bill Clinton's pledge last month to "keep open and secure the key roads and lines of communication" in Somalia.

A week after Mr. Clinton ordered in the heavy armor to bolster American troops' firepower and protection, he called off U.S. offensive operations in the capital.

Though idle, the tanks do provide the troops with insurance against the level of casualties they incurred during four months of street fighting. The Americans' heavy losses were blamed in part on their lack of heavy armor.

At least two street barricades erected by

See SOMALIA, Page 4

African Mutilation Ritual Collides With French Law

By Marlise Simons

PARIS — As she rose in a Paris courtroom, a small figure in a black lawyer's robe, Linda Well-Curiel talked so softly that the judge and the jury had to lean forward to hear her argument.

"This is butchery invented to control women," Miss Well-Curiel told the court. She was speaking as a member of the prosecution team in the trial of a woman accused of allowing the genital mutilation of her daughter, a tradition widely practiced in parts of Africa.

Since African immigrants brought the custom to France more than a decade ago and their babies began to arrive at local hospitals bleeding, infected, sometimes dead as a result of surgery at home, Miss Well-Curiel has become the country's leading crusader against the practice.

Her actions have already led to 15 trials involving more than 30 families, making France the first nation to bring criminal charges against those who perform this female mutilation. Doctors have testified that the procedure often makes sex joyless or painful and may cause lifelong health complications.

The prosecutions have also become part of the larger debate over how a society should deal with immigrants' customs that it finds unacceptable. Britain, Sweden and Switzerland in recent years have passed laws against female genital mutilation, but they have not prosecut-

ed it. Last month, a bill banning the practice in the United States was introduced in Congress.

In the dock on a recent day was Bintou Fofana Diarra, an immigrant from Mali. She was accused of complicity in mutilating her three-month-old baby, an act that landed the little girl in a Paris hospital for three weeks and nearly caused her death. A distraught Mrs. Diarra testified that she did it for the good of the child.

The operation, she conceded, was done secretly in her home. But she said it was normal in Mali. According to United Nations reports, sexual mutilation affects millions of mostly Muslim women in more than 25 countries, across the central belt of Africa as well as in Yemen, Oman, Malaysia and Indonesia. The mutilation involves cutting off all or part of a young girl's clitoris and labia, and in some cases stitching her vagina closed until marriage.

Miss Well-Curiel acknowledges that the procedure is an ancient practice in Africa, but argues that it violates a French law against harming children.

Miss Well-Curiel said that during trials here, ethnologists and physicians often came down on different sides of the issue. During Mrs. Diarra's trial, a French ethnologist argued that Africans should not be punished because they act under social pressure.

He said that people cited different reasons

See MUTILATE, Page 4



COLD'S TOLL IS 34 — A Berliner pushing his bicycle near the Brandenburg Gate on Tuesday. Cold in Europe killed at least 34 people, many of them homeless. Page 5.

Klosk

Palestinian Cites Gains On Key Issue in Talks

CAIRO (NYT) — Israeli and Palestinian negotiators made gains Tuesday on one of the major obstacles to activating their peace deal when they returned to the bargaining table in secret, the chief Palestinian negotiator said.

The negotiator, Nabil Shaath, said Israel softened its position on the issue of the release of Palestinian prisoners, promising to include it in writing in a withdrawal agreement the two sides are negotiating on.

"We have made headway concerning the prisoners," he said. "They agreed to have the release of the prisoners built into our written agreement."

The Palestine Liberation Organization had threatened it would not sign a final withdrawal accord unless Israel made a written commitment that it would free some 10,000 Palestinian political prisoners.

Dow Jones	Up 3.52	Trib Index	Down 0.09%
	3,674.17		107.85
The Dollar			
New York			
DM	1.701	previous close	1.7032
Pound	1.4855		1.4755
Yen	108.67		108.50
FF	5.9125		5.9193

Cloaks (Ragged) and Daggers (Dulled) Still on Russian Scene

By Celestine Bohlen
New York Times Service

MOSCOW — On a muggy July night when the power struggle in Moscow was at a low simmer, a 30-year-old Russian lawyer was secretly smuggled into the country from self-imposed exile in Canada, on a special mission for President Boris N. Yeltsin. He was installed behind a computer in a large, shabby suite inside the Kremlin and ordered to sift through suitcases of documents for incriminating evidence against Mr. Yeltsin's powerful enemies.

But these enemies, including the just-dismissed head of the Security Ministry and the country's chief prosecutor, managed to track the lawyer down and even issue an order for his arrest. After a panicky journey that began at a Moscow railway station and ended in Armenia, the young lawyer made his way back to Canada, where the threats against him continued.

"It was made for the movies, but even Hollywood couldn't have invented it," said Mr. Topol, whose 11 novels have all dealt with Russia. It was only when he came to Moscow himself in September and began double-checking Mr. Yakubovsky's account that Mr. Topol realized that Russia's penchant for cloak-and-dagger intrigue did not end with the Cold War.

But post-Communist intrigues turned out to have a distinctly amateurish quality, with none of the air-tight efficiency of the KGB operations of old. On the night he fled Moscow, according to his account of it, Mr. Yakubovsky and his entourage drove through the city's darkened streets in two cars, dodging pursuers, real or imagined, while Kremlin security men tried desperately, and unsuccessfully, to raise someone from Mr. Yeltsin's staff on the radio-telephone.

Mr. Yeltsin's key opponents — the vice president, Alexander V. Rutskoi; the parliament speaker, Ruslan I. Khasbulatov, and the prosecutor-general, Valentin Stepankov.

"The fact is that Rutskoi, Stepankov and Khasbulatov were waging a powerful campaign to discredit the president," said Mr. Yakubovsky, who reportedly spoke to Mr. Yeltsin by phone. "We had to bury them and prove that it was not he, but they, who were corrupt."

Mr. Yakubovsky's search was at least partly successful. Within days of his arrival in Moscow, the Russian security minister, Colonel General Viktor P. Baranikov, was dismissed, and according to the Izvestia article, Mr. Yakubovsky produced evidence showing that Mr. Khasbulatov had used his influence to help certain commercial companies get access to hard currency.

His own story of his spectacular leap from a post as lowly secretary at the Union of Lawyers to head of a special commission for the Ministry of Defense is vintage Yakubovsky. As told to Mr. Topol, Mr. Yakubovsky says he was sitting in his office one Saturday in 1990, idly dialing on a special Kremlin telephone when he reached Defense Minister Dmitri T. Yazov. Within hours, he was in Mr. Yazov's office with a written proposal that argued for a vigorous legal defense of the then-Soviet army's rights to its vast real estate holdings in Germany.

By the day's end, Mr. Yakubovsky was appointed head of a special commission charged with investigating the issue. The subject, however, turned out to be highly sensitive, and in due course Mr. Yakubovsky found himself in Switzerland as the representative of Agrokhim, a state trading company. Agrokhim, a state formed commercial link with Seaborn, the Swiss-based trading empire headed by Boris Birshtein, a Soviet emigre whose sudden success in business in the mid-1980s has been reported to have been financed by Communist Party money.

Resuscitating old ties to a top Yeltsin adviser, Mr. Yakubovsky returned to Moscow shortly after the failed August 1991 coup attempt against Mikhail S. Gorbachev, the last Soviet leader. In the year before he left the country in September 1992, Mr. Yakubovsky bounced from job to job, finally ending up briefly as liaison to Russia's various law enforcement ministries.

People who know him say that Mr. Yakubovsky is not a political man, but someone who knows how to take advantage of every opportunity as it arises.

Until Mr. Yakubovsky returns to Russia, which he is now free to do, it will not be clear who has taken more advantage of whom.

'It was made for the movies, but even Hollywood couldn't have invented it.'

WORLD BRIEFS

Israeli Confirms Revenge Killings

JERUSALEM (WP) — A former Israeli intelligence official has confirmed publicly that Israel carried out the methodical assassinations of 10 to 15 leaders of the Black September guerrilla group of the PLO following the 1972 Munich massacre of Israeli athletes.

1,000 to Monitor Russian Election

MOSCOW (Reuters) — At least 1,000 international observers will monitor Russia's first post-Soviet elections next month, the Itar-Tass news agency quoted a senior electoral commission official as saying on Tuesday.

Nigerian Nods to Democracy Forces

LAGOS (AP) — Nigeria's new dictator on Tuesday named the man who apparently won the vice presidency in the nation's June presidential election as foreign minister, a stunning concession to pro-democracy forces.

Kashmir Rebel Toll Is Put at 967

NEW DELHI (AFP) — Indian Army and paramilitary troops killed 967 Muslim militants in the last 10 months in Kashmir, where the separatists are battling for self-rule, a government spokesman said Tuesday.

TRAVEL UPDATE

Belgium Faces Disruption by Strikes

BRUSSELS (AP) — Strikes on Wednesday and Friday will bring widespread disruption of airline, train, bus and subway services in Brussels and other cities, union officials warned Tuesday.

American Flights Return to Normal


FORT WORTH, Texas — American Airlines reported a rapid return toward normal service on Tuesday after settlement of a strike by flight attendants.

Bonn to Use \$11.7 Billion in Bonds To Settle Property Seizures in East

BONN — Chancellor Helmut Kohl's coalition agreed Tuesday to use government bonds to compensate people from Eastern Germany whose property was seized by the Nazis or the Communists.

The agreement by leaders of Mr. Kohl's three-party coalition ended months of wrangling in Bonn over how to compensate people for seized homes, lands and belongings without further swelling Bonn's budget deficit from German reunification.

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Five neo-Nazis went on trial in a juvenile court on Tuesday on charges of firebombing a hostel for foreign asylum-seekers near Potsdam in East Germany, Reuters reported.

A British Harrier Crashes in Iraq, But Pilot Is Safe

LONDON — A British Air Force Harrier jump jet crashed in northern Iraq Tuesday, the Ministry of Defense said.



A CANDLE FOR ST. GEORGE — Eduard A. Shevardnadze, Georgia's beleaguered president, in a Thbilisi Orthodox cathedral on Tuesday as Georgians marked the St. George's Day holiday.

AIRLINES: Industry Expects More Labor Trouble Despite Settlement

Continued from Page 1
ates for travelers, consumers can be comforted by the likelihood that the industry's turmoil will lead to lower fares.

By booking flights on low-fare carriers like Southwest Airlines, consumers have sent a clear message to executives like Robert Crandall, chairman of American.

After three airlines pulled jet service out of four North Dakota cities in the last year, leaving only Northwest Airlines to serve them

American Flights Return to Normal

The Associated Press
FORT WORTH, Texas — American Airlines reported a rapid return toward normal service on Tuesday after settlement of a strike by flight attendants.

Although American has said it is sticking with its hub-and-spoke network, United Airlines and Delta Air Lines are following Continental's lead.


But United has angered pilots with its plans for low-cost spinoffs.



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OVERHEARD



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Bolivia	0-800-2222	Finland	9800-402-80	Kuwait	800 MCI (800-624)	Spain	900-99-004
Brazil	000-8012	France	19-00-19	Lebanon	425-036	Sweden	020-755-922
Chile	00-0316	Germany	0150-002	Mexico	95-800-674-7000	Switzerland	155-0222
Colombia	980-16-0001	Greece	00-800-1211	Netherlands	06-072-91-22	Turkey	99-800-1177
Costa Rica	080-900000	Hungary	00-800-0411	Norway	050-12912	UAE	800-11
Czech Rep	00-42-00012	India	000-17	Peru	001-190	United Kingdom	0800-89-0222
Denmark	800-0022	Ireland	1-800-561-001	Poland	071-04-800-722	Uruguay	000-412
Dominican Republic	1-800-751-9624	Israel	171-150-7277	Portugal	05-077-1294	Venezuela	800-114-0

MCI

STATESIDE / AGENT ORANGE REVISITED?

In Medical Dispute, It's Gulf War Veterans vs. the Pentagon

By Philip J. Hilts
New York Times Service

WASHINGTON — It began in Indiana early in 1992, when soldiers at two reserve units that had fought in the Gulf War began to suffer a puzzling array of symptoms.

They became unusually fatigued, their joints ached, and they experienced headaches, hair loss, rashes and memory lapses. In some cases, the symptoms were severe enough to require hospitalization.

Over the next year, hundreds and then thousands of veterans began showing up at hospitals run by the Department of Veterans Affairs with these and a wide array of other symptoms.

Eventually, 10,000 veterans asked the hospitals for physical examinations to see if they had what has come to be called Gulf War syndrome.

This sequence of events has occurred many times in recent years: first there are complaints of severe but undiagnosable symptoms; then the sufferers hear about others experiencing the same symptoms and begin to trade information; then there

is the naming of a possible new disease, and finally a plea for investigation of the symptom clusters.

Experts say that such problems begin with real suffering that is often dismissed as psychosomatic. Among many complaints of this sort, the ones closest to acquiring status as recognized diseases are "sick building syndrome" and "multiple chemical sensitivity."

With Gulf War syndrome, as with many such outbreaks, even when the claims are taken seriously, they are difficult to deal with because no one can do much for the sufferers, says Dr. Claudia Miller, an expert on multiple chemical sensitivity who served on a Veterans Affairs panel that looked into Gulf War syndrome.

The response from the Department of Defense has been skeptical.

"First of all, we do not believe it is a syndrome," said Lieutenant Colonel Douglas Hart, a Pentagon spokesman. "It is just some symptoms that we don't have an explanation for."

That attitude has only fanned the anger of those who believe there is indeed a group

of symptoms identifying a common condition, in short, a syndrome.

Veterans were also angered last week by a report that the Department of Defense had withheld information on chemical agents detected during the war.

For two years, the Pentagon had denied having any evidence that Iraq had used chemical or biological agents, but last week it acknowledged the validity of work by Czech chemical-weapons experts in the week after the air war started in January 1991. They found that there were traces of nerve gas and a blister agent in the Gulf region.

The quantities of both were small, suggesting that something like a bombed plant rather than a deliberate release was the source. The doses would have been too minute to cause any serious illness, another Pentagon spokesman said.

Veterans say the government's denials remind them of similar statements about the effects of Agent Orange, the military's name for a defoliant used in Southeast Asia during the Vietnam War.

Although researchers believe that

toxic effects of oil fires and other ailments specific to the Gulf region.

But the array of symptoms that Dr. Mather soon began seeing did not seem to be related to smoke inhalation, nor were they among the symptoms that might be expected after exposure to chemical weapons.

In a first attempt to collect data to determine whether the syndrome is real, the Department of Veterans Affairs surveyed 5,300 Gulf War veterans and 5,300 veterans who had served during the same period but had not been assigned to the Gulf.

The survey, which is continuing, found that equal numbers in the two groups suffered several conditions and diseases, including ones affecting the respiratory system.

The only two exceptions were found in areas where differences would be expected in combat and noncombat troops: twice as many Gulf veterans showed signs of post-traumatic stress, and about 15 percent more Gulf veterans showed signs of alcohol dependence, a common finding in returning troops.

"Anyone watching the oil fire in Kuwait had to wonder what kind of problems that would cause," said Dr. Susan Mather, assistant chief of health for the veterans department. In early 1991, while the war was still going on, she began researching the

POLITICAL NOTES

Republican Says Aide in New Jersey Lied

TRENTON, N.J. — Mary Matalin, a Republican strategist, said another political consultant, Edward J. Rollins, lied under oath when he claimed he never told her about paying to suppress black votes in the recent New Jersey gubernatorial election. The Philadelphia Inquirer reported.

Mr. Rollins, who managed the campaign of Christine Todd Whitman, a Republican who scored a narrow victory in the election Nov. 2, testified last week that he did not discuss it with Miss Matalin.

Miss Matalin, who was a manager of former President George Bush's losing campaign against Bill Clinton last year, said Mr. Rollins bragged to her four days after the New Jersey election that he had paid to keep black voters from the polls.

"What he was basically talking about was how good a street game they played and how they paid off black ministers," Miss Matalin told the Inquirer. "It was quite braggadocio. He was quite full of himself."

Mr. Rollins caused an uproar Nov. 9 when he said that Republicans paid black ministers and Democratic workers to help keep black voters from the polls.

But on Friday he testified before Democratic lawyers that he made up the story to torment a rival political strategist, James Carville, who managed Governor Jim Florio's losing campaign.

Asked at the deposition whether he had discussed paying Democratic workers with Miss Matalin, who is Mr. Carville's fiancée, Mr. Rollins said, "I promise you, I did not."

A retired columnist, Rowland Evans Jr., also told the Inquirer that Mr. Rollins had told him about influencing black ministers.

Mr. Rollins's original claim prompted federal and state investigations as well as a lawsuit by Democrats who are seeking to overturn the election, which Mrs. Whitman won by 26,600 votes. (AP)

Clinton to Stick With Defense-Post Nominee

WASHINGTON — Mr. Clinton will resubmit the nomination of Morton H. Halperin to a top Pentagon position.

"The president believes he should have the job," said the White House communications director, Mark Gearan.

Mr. Gearan said there was nothing at Mr. Halperin's confirmation hearing to suggest that another nominee should be proposed.

Conservative Republicans complain that Mr. Halperin is too liberal to be assistant secretary of defense for democracy and peacekeeping, a new post Mr. Halperin said allegations about his beliefs and activities were false. (AP)

U.S. Again Funds Foreign Family Planning

WASHINGTON — The Clinton administration has given \$13.2 million to the International Planned Parenthood Federation, ending a decade-long, Republican-ordered ban on using U.S. funds for overseas population programs that include information or counseling on abortion.

The grant is the first part of a five-year, \$75 million commitment by the Agency for International Development to the federation, which effectively had been barred from access to U.S. foreign aid funds since 1984. (WP)

Quote/Unquote

"G-O-V-E-R-N-E-R-S" was how the seal at the meeting in Phoenix, Arizona, of the Republican Governors Association spelled it until someone spotted the error. (WP)

Away From Politics

- Health plans accused of discriminating against employees with AIDS have suffered a legal defeat. A federal judge in New York issued the first ruling to uphold the authority of the Americans With Disabilities Act of 1990 over health plans accused of discriminating. Judge John E. Sprizzo dismissed a motion by a benefits fund of New York construction companies and unions, which contended it was exempt from the act.
- Some Los Angeles police officers called in sick, apparently acting in response to union strategy for getting a raise. A small but higher-than-usual number reported sick. In anticipation, the department called a modified tactical alert, keeping officers working the night shift on duty until further notice.
- An Amtrak train derailed near Boise, Idaho, injuring 15 people, none seriously. The police said the engines and front cars on the Seattle-to-Chicago train derailed as it hit a curve. (NYT, LAT, AP)

A Congressional Report Card: Progress, Mixed With Rancor

By Adam Clymer
New York Times Service

WASHINGTON — The 103d Congress approached the end of a strikingly productive first session on Tuesday, but it did so on a note of personal and partisan ill-will that made it clear that gridlock had not been vanquished.

Although many bills that former President George Bush had vetoed became law with the signature and backing of President Bill Clinton, party divisions were raw and obvious during the budget battle last summer and clear again Tuesday as Democrats sought to trap the Republicans into blocking a popular gun-control measure, or giving up ignominiously.

Despite those divisions, Congress during this session passed a half-trillion-dollar deficit cut and approved a treaty to end trade barriers with Canada and Mexico.

It enacted one significant domestic initiative of Mr. Clinton's vision of new Democratic policy, the national service bill, and started on others, like preparing youths for the work force.

Finally, it began to grapple seriously with the gravest domestic problem it has tried to solve since civil rights — the high cost and diminishing availability of medical care.

Early in the session, the new president relied exclusively on Democrats — and sometimes they tripped him up over issues like whether to allow declared homosexuals to serve in the military.

Before he had a footing, a solid Republican opposition killed his package of spending measures meant to stimulate the economy, and his budget barely passed without a single Republican vote.

But as time went on, his liaison with Capitol Hill got better, and in the fall he worked increasingly with Republicans, when possible, relying on their votes to pass the North American Free Trade Agreement over Democratic opposition and covering them to help on health care.

Still, most senators and representatives headed home for Thanksgiving aware that the public gives neither them nor Mr. Clinton the credit they feel they deserve, and Tuesday's snappish denouement of a Senate session suggests much of the reason why.

In between interminable quorum calls and recesses, Senator Bob Dole, of Kansas, the Republican leader, tied the Senate up short of final action on the gun-control measure, known as the Brady bill, that would impose a five-day waiting period for gun purchases.

He complained that Senator Joseph R. Biden Jr. of Delaware, a Democrat, "tried to run our nose in it" by gleefully scrapping concessions that allowed Republicans to back the bill Saturday night.

And the phrase "Republican filibuster" slipped readily from Democrats' lips as they sought to portray the minority as the friend of irresponsible gun owners.

The majority leader, Senator George J. Mitchell of Maine, said he was calling the Senate back into session for a full-vote on the Brady bill next Tuesday.

Still, some legislators were feeling pretty good about the year's work. An upbeat appraisal came from Senator Patty Murray of Washington, a freshman Democrat, who said that when the Senate acted on crime, the deficit, family leave and national service, "people

at home will say, 'This affects me.'"

"A Good Beginning"

The Associated Press reported from Washington.

Mr. Clinton described the first session as "a good beginning." Democratic leaders in Congress and White House strategists were viewing his successes as much more than just a start.

Already, Mr. Clinton's accomplishments are being compared to productive years for other presidents — Dwight D. Eisenhower in 1953, Lyndon B. Johnson in 1965, Ronald R. Reagan in 1981.

This is particularly extraordinary in that analysis not too long ago were writing off the Clinton legislative prowess.

"He has a batting average that puts him up with the heavy hitters of the century," said Bruce Buchanan, a political scientist at the University of Texas. "The results are beginning to speak more for themselves. He's able to cut deals in the traditional sense."

Why has Mr. Clinton out won more credit before now for his successes?

William Kristol, who was Vice President Dan Quayle's chief of staff, gives Mr. Clinton grudging respect for recent successes.

"He's a very smart politician who's been around," said Mr. Kristol, president of the conservative Project for a Republican Future.

By the same token, Mr. Kristol added: "The praise is now being overstated. He scraped through on the budget, and he put together a temporary coalition on NAFTA. But he has no stable governing coalition to support him."



President Clinton outside White House urging congressional passage of the Brady gun-control bill.

AMERICAN TOPICS

U.S. Says Impostors Took College Entrance Tests

Two South Korean men who are in the United States on student visas have been charged with hiring impostors to take exams on behalf of immigrants seeking admission to American colleges and universities.

Based in Manhattan, they charged \$4,000 to \$5,000 to send an impersonator to virtually any standardized test, according to Patricia E. Taylor, a lawyer for Educational Testing Service of Princeton, New Jersey, which administers most of the exams. The service said it hired a Korean-American investigator to pose as a student and gather information.

Evidence indicated that the pair's top price was \$40,000 to take the Certified Public Accountant's exam, postal authorities said.

The two, Jin Hyung Park, 31, and

About People

Senator Larry E. Craig, Republican of Idaho, got it with both barrels from Senator Dianne Feinstein when he remarked during a debate on banning semiautomatic weapons that "the lady from California needs to become a little bit more familiar with firearms." "I am quite familiar with firearms," Mrs. Feinstein, a Democrat, replied. "I became mayor [of San Francisco] as a product of assassination," and "put a finger through a bullet hole trying to get a pulse." Moreover, "I was trained in the shooting of a firearm when I had terrorist attacks, with a bomb at my

house, when my husband was dying, when I had windows shot out. Senator, I know something about what firearms can do."

Richard Z. Chesoff, a correspondent for U.S. News & World Report, had just finished interviewing Yasser Arafat at the Palestine Liberation Organization chairman's home in Tunis, Mr. Arafat invited him to stay for lunch. "I anticipated a great feast of Arab delicacies," Mr. Chesoff says. But the main course was chicken soup. Mr. Arafat said: "It's my favorite. I eat it every day." Mr. Chesoff recalls, "It was like eating with my grandmother."

Short Takes

Madame Tussaud's waxworks, after 200 years in London, may establish a branch in New York. The Tussauds Group announced that it "would like to establish a project in the Times Square redevelopment area." "Fabulous," said a spokeswoman for the redevelopment project. Tussauds operates not only an exhibition of celebrities in wax, but the Rock Circus in London, which celebrates the history of rock and pop music; the London Planetarium, and the Scenerama in Amsterdam depicting Holland's golden age, in the 17th century.

Arthur Higbee

Jackson Lawyer Cites Grand Jury Action

Compiled by Our Staff From Dispatches

SANTA MONICA, California — One of Michael Jackson's lawyers said in court Tuesday that he expected the entertainer to be charged with child molestation, but later retracted the statement.

Bert Fields, the lawyer, made the announcement during a court hearing on a civil suit filed by the 13-year-old boy who alleges Mr. Jackson sexually molested him.

"A grand jury convened already in Santa Barbara County and they are about to take evidence — if they haven't already started — and that means we should have a charging decision very, very soon," Mr. Fields said.

Immediately after the hearing, another of Jackson's lawyers, Howard Weitzman, said Mr. Fields had made a mistake and that he was not aware of any imminent indictment.

Mr. Weitzman said he had given Mr. Fields wrong information that led to the court statement.

Mr. Fields then told reporters: "What we understand to be the case is that subpoenas were issued for a witness or two witnesses to attend a grand jury in Santa Barbara County. That's something I don't think we want to talk about."

Mr. Fields raised the issue in his unsuccessful bid to have the court delay the boy's lawsuit for six years. The statute of limitations for prose-

cuting child molestation charges runs for six years.

The lawyer raised the issue to show that if Mr. Jackson were forced to testify in a civil suit it would affect criminal matters he may face.

"You shouldn't be in a position where you have to take a Fifth Amendment in a civil case," Mr. Fields said. "That's a box you shouldn't put a person in."

But Judge David M. Rothman of Superior Court ruled in favor of the youngster and ordered the trial for March 21. He also ordered Mr. Jackson to give a deposition by the end of this year.

Larry Feldman, an attorney for the 13-year-old in the civil case, said the law demands a speedy trial in a case involving a child under 14. If criminal charges are filed, he said, the court can later decide to delay the lawsuit.

Mr. Jackson has not been charged with any crimes, and the authorities have declined comment on their investigation.

There was no immediate confirmation by the prosecutor's office that a grand jury had been summoned. Grand jury proceedings are secret.

Mr. Jackson has disappeared from view. His press agents say he is undergoing medical treatment.

Meanwhile, court documents obtained in Los Angeles showed that Mr. Jackson had also been sued by five of his former bodyguards,

who claim they were dismissed in February because they had first-hand knowledge of the singer's alleged activities with young boys.

The lawsuit said the five were dismissed without warning at Mr. Jackson's Neverland ranch in Santa Barbara, California, "so as to point any of them as disgruntled employees in any future investigation."

Mr. Fields said he did not know about the new lawsuit.

"Nobody was ever fired by Mr. Jackson for knowing too much about anything," he said.

Mr. Jackson canceled a world tour Nov. 12 and went into seclusion to undergo treatment for addiction to painkilling drugs.

The bodyguards said in their lawsuit that after being fired they were harassed by Mr. Jackson's lawyers and followed by a private investigator to "prevent any investigation or inquiry dealing with allegations that Jackson had sexually molested young boys."

One of the plaintiffs said he was ordered to retrieve a photograph of a naked boy from a bathroom in Mr. Jackson's Encino, California, compound, where the performer's parents live. The former bodyguard did not say when the action took place.

The police searched the Encino compound earlier this month without revealing what they were looking for. (AFP, AP)

U.S. Court Voids A Broadcast Ban

The Associated Press

WASHINGTON — A federal appeals court struck down as unconstitutional on Tuesday a government regulation banning indecent television programs from broadcast stations from 6 A.M. to midnight.

A panel of the U.S. Court of Appeals for the District of Columbia Circuit set aside a regulation adopted earlier this year by the Federal Communications Commission at the direction of Congress.

It also declared unconstitutional the provision of the 1992 law that required the FCC to issue the regulation. The regulation is so broad that it violates First Amendment protections of freedom of expression, the panel said.

The court upheld the FCC's argument that regulation was needed to help parents prevent children from viewing indecent programs. But it rejected as too expansive the stated goal of helping the general public to be free of indecent programming in the privacy of their homes.

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Herald Tribune

Serbian Leader to Take Part In New Round of Peace Talks

The Associated Press
 GENEVA — President Slobodan Milosevic of Serbia, widely seen as holding the key to ending the war in the former Yugoslavia, has agreed to talks next week with Bosnia's Muslim president that are aimed at restarting the peace process, United Nations officials said Tuesday.

International mediators also want to bring Croatia's president, Franjo Tudjman, the region's other power broker, to the table on Monday in Geneva, according to a spokesman for the mediators, John Mills.

He said the leaders from the former Yugoslavia were to meet Monday with envoys from the European Community, Russia and the United States, and that they probably would continue talks among themselves for several more days in the first full-scale peace negotiations in two months.

Bosnia's government rejected an international peace plan in September, saying ethnic Serbs failed to offer enough land for a proposed mainly Muslim minority.

In New York, a UN official said that Mr. Milosevic, the Bosnian Serbian leader, Radovan Karadzic, and the Bosnian president, Alija Izetbegovic, had accepted invitations to the talks.

Mr. Tudjman and the Bosnian Croatian leader, Mate Boban, did not immediately reply, said Alvaro de Soto, a special adviser to the UN

secretary-general, Boutros Boutros Ghali.

But it seemed likely that Mr. Tudjman and his Bosnian ally would attend now that the other two leaders have agreed to come.

Aid Convoys Remain Idle

UN officials argued with local commanders in Bosnia on Tuesday as emergency aid convoys remained bogged down five days after warring factions agreed to allow safe passage for relief deliveries, Reuters reported from Sarajevo.

Only the southern town of Mostar received emergency aid as planned on Tuesday, with UN trucks delivering food and relief supplies to Croatian and Muslim civilians in the disputed town, said Peter Kessler, a spokesman for the UN relief agency.

The UN convoy left Metkovic, inside Croatia, and arrived in Mostar at around noon, Mr. Kessler said.

But Bosnian Serbian and authorities in Belgrade were blocking four aid convoys to Bosnia, the agency said, and it remained unclear if local Croatian commanders would let convoys through central Bosnia on Wednesday.

"We were forced to cancel four aid convoys to Bosnia today," said Lyndall Sachs, a spokeswoman for the agency, the UN High Commissioner for Refugees, in Belgrade. "Nothing is moving and this is a source of great frustration."

Negotiations with Bosnian Serbian authorities were more successful in Sarajevo, where a Canadian transport aircraft evacuated 14 badly wounded men, women and children out of the city on Tuesday, witnesses said.

The group was made up of two children, three women and nine men, including a Serb shot in the chest by a sniper.

Bosnian Serbs, citing unsafe road conditions and fighting, blocked four convoys destined for the Muslim towns of Tuzla in northern Bosnia, Srebrenica and Gorazde in eastern Bosnia, and Sarajevo, the UN spokesman said.

"It seems to indicate the lack of commitment of some of the parties to adhere to the pledges," they had given the UN, she said.

Political leaders of Bosnia's three warring factions had agreed to guarantee safe passage for aid convoys at a meeting in Geneva on Thursday.

The United Nations canceled convoys on Oct. 25 when a Danish truck driver was killed. Relief workers say that up to 3 million civilians are in dire need of emergency aid.

UN military and aid workers said renegade local commanders were the main obstacles to getting aid to civilians suffering from cold and hunger.

"This has been an issue all along," said Mr. Kessler, a UN relief spokesman in Sarajevo.

EUROPEANS: Christopher, Citing Allies' Role, Seeks to Mend Fences

Continued from Page 1

unusual for a secretary of state. But the journalists said that Mr. Christopher went out of his way to be diplomatic.

He declined, for example, to criticize Germany for reportedly shipping nuclear technology to Iran. And, despite the differences with France over world trade talks in Geneva, he told a reporter from the Paris daily *Le Figaro* that America's relationship with France was "so much broader" than disagreements over trade.

Europe's feathers are becoming ruffled at a time when leaders in Britain, Germany, France, and Italy are finding themselves increasingly under fire as a result of the

continent's sour economic performance. In addition, European leaders are trying to figure out the purpose of institutions such as the North Atlantic Treaty Organization and the Conference on Security and Cooperation in Europe now that the Soviet threat has receded.

"Then in the middle of all this you get issues like Bosnia, Russia and GATT," said Rozanne L. Ridgway of the Atlantic Council, a private foreign policy group. "If Europe wasn't going through a period of transition, some of these things, including the relationship with the United States, could probably be better managed."

For their part, European diplomats are eager to knock down any

notion of a rift running across the Atlantic or of shrinkage in Europe's economic importance to America.

One Western European diplomat noted that, despite the rhetoric about how much more trade is done across the Pacific than across the Atlantic, if one removes Canada from the Asia-Pacific Economic Cooperation forum, the figures are comparable. And, as one administration official noted, the United States is running a modest trade surplus with Western Europe.

One diplomat noted that direct American investment in Europe is \$239 billion. In contrast, direct United States investment in APEC, once Canada is removed, is only

\$78 billion. And, for all the talk of the rapidly growing economies of Asia, if Japan is taken out of the equation, many of the other APEC economies are rather small.

"A 2 percent growth in the German economy is worth a lot more bucks than a 10 percent growth in the Singapore economy," said a British official.

Still, in his talk with the European journalists, Mr. Christopher reiterated that the Clinton administration saw the potential growth in American trade coming from Asia and not Western Europe.

"The primacy of opportunity for the United States in Asia is a statement of fact," Mr. Christopher told the group.

MUTILATE: Ritual Under Fire

Continued from Page 1

for the centuries-old practice, such as the erroneous belief that the Koran commands it, that it is more hygienic, that it keeps a girl chaste, that without the ritual she cannot get a husband and therefore the family cannot get a dowry. One father recently told a Paris court that he had his infant cut "so that later she will behave herself."

After health officials concluded that 10 years of criminal prosecutions and pressure from doctors and social workers had not been enough, the French government this month launched its first public information campaign against the practice.

In Paris neighborhoods with large numbers of African immigrants, some 10,000 posters have been put up in maternity clinics, doctors' offices, social centers and public housing. The posters show an African family under the headline: "We Protect Our Little Girls." A large X is drawn through a razor blade. The text warns that "female genital mutilation" in France "is liable to imprisonment."

In her office, Miss Weil-Curiel, who is 50, says that change has been slow since 1983.

"If immigrants cut off a girl's ear in the name of tradition, there would be an outcry," she said. "But here the sex of a future woman is cut off, and people are willing to defend it or turn away."

It is up to women, she said, "to force this onto government agencies."

SOMALIA: An Idled U.S. Military Machine Without Much of a Mission

Continued from Page 1

Mohammed Farrah Aidid's militia remain in place on 21 October Road near Victory Base despite a proposal to forcibly remove them made by Major General Carl F. Ernst, commander of the task force assigned to beef up American firepower here, according to two U.S. officers.

General Ernst's recommendations to reopen the road have been

rebuffed by Lieutenant General Cevik Bir, commander of UN forces in Somalia, with support from U.S. officers on General Bir's staff and from the U.S. Central Command, which oversees American forces here, the officers said.

"The circumstances have changed since early October when President Clinton laid out his imperatives," a UN official said.

"A few weeks ago, Somalis hated Americans and were dragging dead U.S. bodies through the streets," he said. "Now they're praising America and flying American flags."

In recent weeks a fragile ceasefire has restored some calm to Mogadishu. The UN Security Council rescinded its order to

oust General Aidid, and efforts to find a political solution to Somalia's chaos have begun focusing on a humanitarian aid conference scheduled for next week in Addis Ababa, Ethiopia.

Since an Oct. 3-4 firefight in which 18 soldiers were killed, most of the 29,000 UN forces have remained barricaded behind their strongholds or on ships at sea.

For the foreseeable future, officers said, that is where they will remain. Periodic discussions with General Aidid's faction have thus far failed to find a compromise that would allow troops to resume patrolling without the risk of another bloody confrontation.

"The 21 October Road has be-

come more a political symbol than a military need," a UN official said. "It would be nice for us to have that road open; it would be easier to get to the port. But if we take fire, we're going to have to fire back. It's a crowded neighborhood, and civilians would get killed."

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Herald Tribune

Stanley R. Rich Dies at 76, Invented a Scanning Sonar

New York Times Service

Stanley Robert Rich, 76, an entrepreneur and inventor who devised a scanning sonar for submarines in World War II, died Sunday of cancer in Cambridge, Massachusetts.

Mr. Rich retired last month as chairman and technical director of Pasmachines Inc. in Natick, Massachusetts, the last of several ventures he started over the years.

Pasmachines is an environmental technology company that makes and sells air-pollution control equipment for combustion engines and industrial use.

He was granted more than 60 U.S. patents and about 500 foreign ones since he began his career with the Navy Department of Civil Service and the Harvard University Underwater Sound Laboratory.

It was at Harvard that he developed a scanning sonar for which the navy got the patent and Mr. Rich was awarded two official commendations.

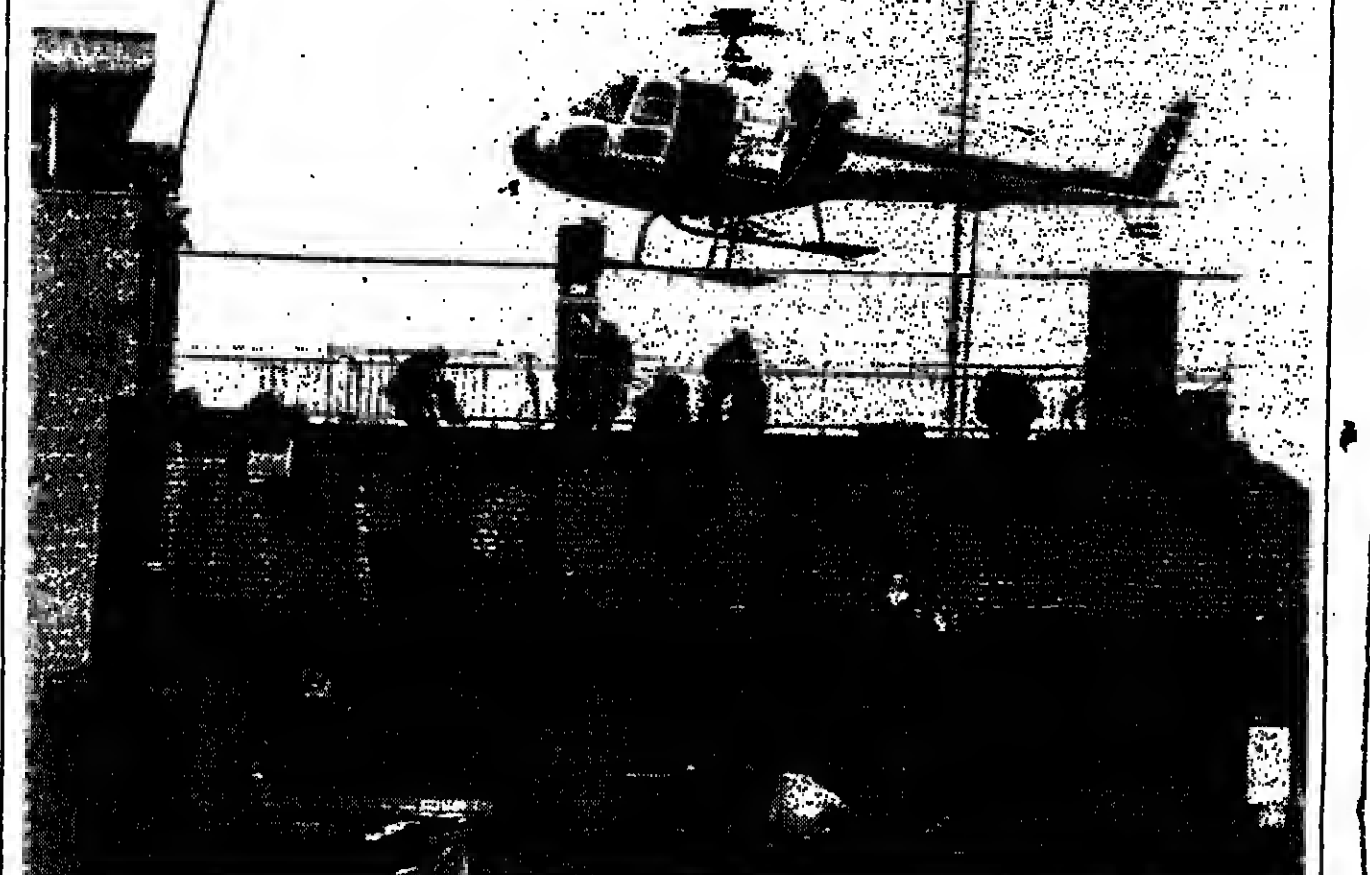
Daniel J. Krumm, 67, Led Maytag Appliance Makers

DES MOINES, Iowa (AP) — Daniel J. Krumm, 67, who led Maytag Corp. as it grew into a \$3 billion global appliance business, died Monday of cancer.

Mr. Krumm stepped down as Maytag's chairman at the end of last year, shortly after completing his 40th year with the company.

He remained on the board of directors.

The Reverend Cornelius Aloysius Philip Forster, 74, founding dean of the Providence College Graduate School of Arts and Sciences, died Thursday in North Providence, Rhode Island.



Policemen Evict Scores of Squatters in Zurich

Some of the hundreds of policemen and fire fighters who descended on an old factory complex near Zurich's central train station on Tuesday and cleared out what had become for more than two years the country's biggest haven for squatters. Only 40 of about 120 resident squatters left voluntarily. The squatters had earlier refused an offer by the building's owner to provide the squatters with another building on the city's outskirts, saying the proposed site was too far from the city center.

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ITALY: Nation Apparently Heading Toward a New Phase of Instability

Continued from Page 1

sands of layoffs, would jeopardize a tenuous labor truce.

Italy's economic difficulties, coupled with the political uncertainties resulting from the voting on Sunday, have rattled the country's financial and stock markets. The Italian lira plunged again in value Tuesday, hovering near the 1,700 level against the dollar. In mid-afternoon trading in New York, the lira was quoted at 1,693 to the dollar. (Page 1)

Leading businessmen, like Fiat's Giovanni Agnelli and Olivetti's Carlo De Benedetti, are clamoring for a purge of Italy's political system before lasting damage is inflicted to the world's fifth-largest industrial democracy.

In that sense, some industrialists found grounds for optimism in the municipal vote. They believe the sitting government and parliament

will no longer be able to plead for time to carry out changes and will have to make way for a fresh generation of leadership.

"The message is clear," said Luigi Abete, president of Confindustria, an association of Italy's leading companies. "The transition phase is over, and we have now begun the construction of a new state."

The next stage of Italy's revolution, however, does not inspire much confidence, political analysts and businessmen say. The former Communist, the separatist-minded Northern League and the neo-Fascists are jockeying to fill the void at the center, but have failed to come up with persuasive policies to cure the country's ills.

Achille Occhetto, the leader of the former Communists now known as the Democratic Party of the Left, or PDS, said the party had

emerged from the election as the country's strongest political grouping and should serve as the focus of the next government after early elections.

He said his party no longer represented Marxist dogma, but rather "a central, decisive, reformist and modern force with strong sensibility."

Mr. Occhetto's reach for the political middle ground was quickly challenged by other reformist movements. Umberto Bossi, the leader of the Northern League that wants to divide the country into three autonomous regions, declared that "a center party does exist in Italy, and it's called the League."

Gianfranco Fini, meanwhile, the head of the neo-Fascists, said his party had responded best to voter demands for law and order, immi-

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Catalonians Open A War of Words In Schools, No More Spanish

By Alan Riding
New York Times Service
SALOU, Spain — When classes resumed here on Sept. 15, young children attending the Santa Maria del Mar primary school brought home a disturbing bit of news for their Spanish-speaking parents. In the future, they would be taught only in the language of Catalonia.

Many parents were furious. This proud region of northeast Spain has long been promoting Catalan as a way of reinforcing its identity as a "nation."

But until now, with Spanish-speakers accounting for about half its 6 million residents, bilingualism has been the norm in many schools.

The decision to expose children from the ages of 3 to 8 only to Catalan was therefore a significant step in the campaign to make Catalan the dominant language of the region.

Spanish-speaking parents in Salou, a resort 70 miles (110 kilometers) south of Barcelona, are leading the protests, but they have been joined by parents from elsewhere in Catalonia.

"We cannot allow Spanish to be suppressed when this is the official language of Spain, a language spoken by over 300 million people, a world language," said José Ignacio Alue, the committee's president.

Angela Diez-Barsch, a local mother, saw politics behind the change. "The regional government has a fixed idea that Catalonia should become a sovereign nation," she said.

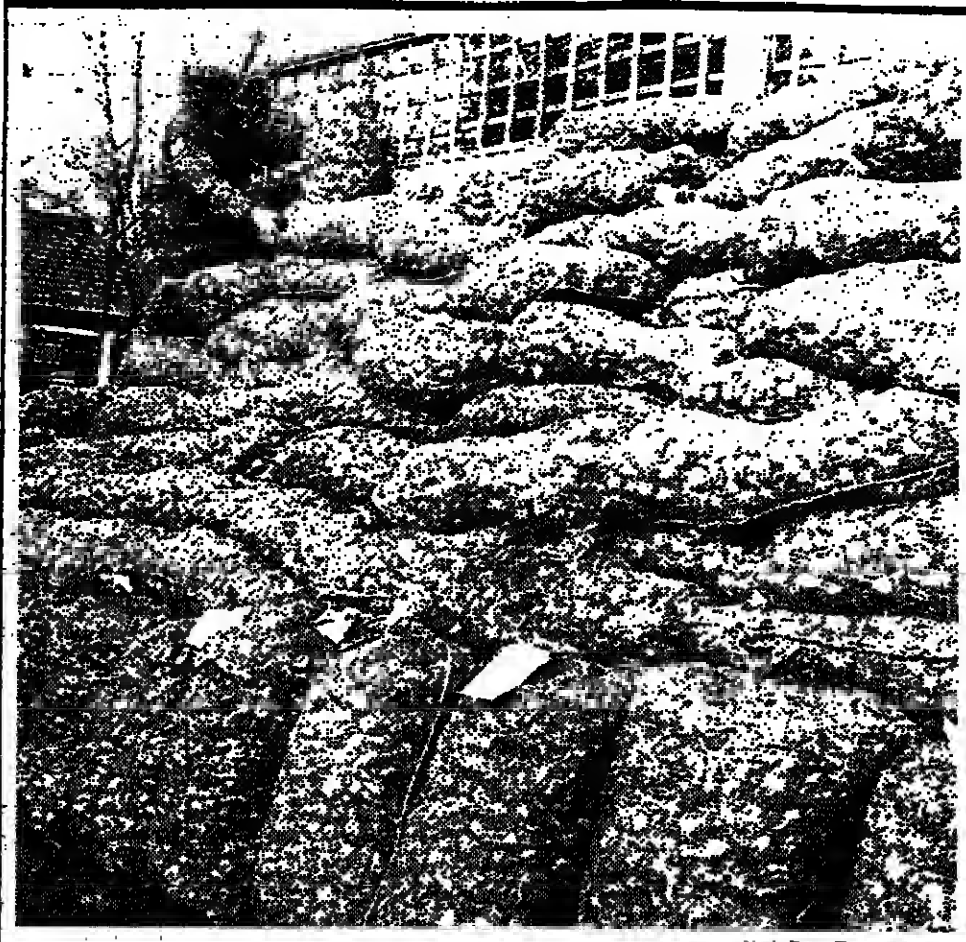
"The regional government, known as the Generalitat, denies any separatist ambitions and notes that when democracy returned to Spain in 1978, Spanish and Catalan were recognized as co-official languages of this region. Now it says its only goal is to ensure that everyone is bilingual."

In practice, though, because the teaching of Catalan was banned during the long Franco dictatorship, the regional government has given priority to its use, not only in schools but also in the region's civil service and Parliament.

Last year, it even insisted that Catalan be recognized as an official language, along with English and French, at the Summer Olympic Games in Barcelona.

But while Catalans are clearly delighted by the renaissance of their Romance language, which is closely akin to Provençal, this traditionally prosperous region has long drawn immigrants from poorer parts of Spain.

And, as Catalan nationalism has grown in recent years, many Spanish-speakers have begun to feel victims of subtle discrimination.



TRUMPETING SPRING EARLY — Daffodil bulbs stocked at St. James's Park for planting in London. Sotheby's donated a million bulbs for the auction house's 250th anniversary next year.

Death Toll Hits 34 As Europe Shivers

PARIS — Record cold, blamed for at least 34 deaths, persisted Tuesday in parts of Europe, prompting the French Army to send out troops to feed the homeless in Paris.

Two platoons of French soldiers served hot meals to the homeless at two abandoned Métro stations that have been opened for shelter, at least until Monday, in an effort to prevent more exposure deaths.

A homeless man was found dead Tuesday under a bridge at Saint-Maur-des-Fossés, an eastern suburb of Paris. The police said he appeared to have frozen to death overnight.

A 75-year-old man died in a house fire at Clermont-Ferrand, in France's Massif Central. The fire was blamed on a gas heater that had been turned up to the maximum.

The temperature had fallen there to minus 11.8 degree centigrade (10 degree Fahrenheit) overnight, the lowest November reading in the region since they were first recorded in 1923, Météo France said.

Other record lows for the month were reported in Germany, Britain and Romania. Heavy snowfalls caused flight delays and cancellations at several airports in Denmark on Tuesday.

In Germany, seven homeless men have frozen to death this winter, including three who fell asleep out of doors and died from the cold on Sunday.

Thais Won't Be Expelled, Libyan Says

BANGKOK — Libya's ambassador to Thailand said Tuesday his country had no plans to expel thousands of Thai workers and he called for an improvement in relations between the two countries.

"The reports on the plight of Thai workers were the result of misunderstanding," Mohammed Ali Mohammed Haneish said after talks at the Foreign Ministry.

A Foreign Ministry spokesman said the ambassador had suggested that to prevent further misunderstandings, the two governments should consider the exchange of resident ambassadors.

Mr. Haneish is accredited as ambassador to Thailand, but lives in Kuala Lumpur, the capital of Malaysia, to which he is also accredited.

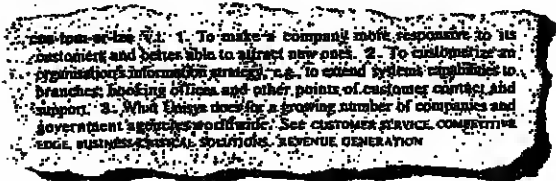
"It is possible to have a Libyan embassy here," a Thai Foreign Ministry spokesman said.

The Libyan leader, Colonel Moammar Gadhafi, threatened this month to expel 10,000 of the 25,000 Thai workers in his country because of alleged Thai acceptance of U.S. charges that 200 of them were involved in preparing sites for chemical-weapons plants.

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ARE YOU CUSTOMERIZED?

1. Do you have an angry customer as you wait?
 Yes No
Can a bottom line be too healthy? Of course not. And neither can a growth-oriented company have too many customers. They're the engine that generates revenue.
2. Are your customers as loyal as you want?
 Yes No
It's one thing to gain customers. It's another to keep them. The strength of your business depends largely upon your ability to sustain a relationship with customers.
3. Do you generate as much business from each customer as you want?
 Yes No
A critical component of business growth is increased sales content. To maximize each business opportunity, you need a way to leverage your entire organization — to bring it totally to bear at the point of customer contact.
4. Do you really know what your customers want?
 Yes No
Are you alert to every product your customers could use? Every service that might interest them? Every transaction they're prepared to make? Every sale they'd allow you to follow through? Are you thoroughly plugged into your market?
5. Does your entire organization know what your customers want?
 Yes No
A customer orientation has limited value unless it's embedded in the very heart of an enterprise — at all levels, and in every place that directly or indirectly involves the customer.
6. Is your information strategy focused on helping you hear what customers and markets are trying to tell you?
 Yes No
The next best thing to reading your customers' minds is listening to what they're saying. But unless you're constantly tuned in to customers' signals, you're missing messages that could guide you to greater results for your business.
7. Can your organization respond quickly to what customers and markets are telling you?
 Yes No
When the flow lines of your information system are not within your customers' reach, you won't always sense when opportunity knocks. But even if you do, getting the message is not enough. If you can't reply rapidly to market signals with information, products and services, revenue opportunities are lost.
8. Does your information strategy enable the proactive delivery of information to your customers?
 Yes No
Many business plans underestimate the power of information to build customer relationships. But imagine the advantage of an information technology strategy that transforms information into customer-generating, revenue-generating fact.
9. Are the full capabilities of your organization accessible to your customers at all your field locations?
 Yes No
An office. A branch. A retail site. To a customer, that's your company. One small part of the whole. Which is why you need to leverage your entire organization by extending its capabilities to each point of customer contact.
10. Does your information strategy reflect the bottom-line importance of customer service?
 Yes No
Business is built on customers. Without them, there is no bottom line. Government is also built on customers, the public. And whether you're in the business of commerce or the business of government, no objective of an information strategy is more fundamental than enhanced customer service.

The Bottom Line. If you answered No to any of these questions, you're not yet customerized. But you might well agree that this simple test suggests the enormous advantages of becoming customerized. And as the leader at customerizing business and government, Unisys will work with you to provide the answers you need.

to adopting a vendor-independent approach to the assignment. And we'll apply our industry-leading expertise at ensuring that an information strategy pays off, not merely shows off. For more information, fax Graham Roberts on (44) 895 862807. Ask for our CUSTOMERIZESM assessment and discover how we can help your organization earn high marks in an increasingly customer-driven era.

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Hosokawa Is Linked To Suspect Donations

TOKYO — Prime Minister Morihiro Hosokawa, whose popularity with voters is based on a reputation for probity, received political donations of 19 million yen from the scandal-tainted Sagawa Kyubin trucking group, the Tokyo daily Asahi Shimbun said Tuesday. A document submitted by Mr. Hosokawa to a parliament committee showed that the donations, equivalent to \$178,000, were made in 1990 and 1991 by 10 Sagawa Kyubin group companies, the newspaper said.

The document did not specify the names of the companies that gave the money to Mr. Hosokawa's two political groups, Shin Showa Study Association and Financial and Monetary Research Association. The opposition Liberal Democratic Party and Japan Communist Party are expected to press the prime minister to disclose the names.

Asahi said the Sagawa money was not mentioned in a political fund report submitted by Mr. Hosokawa to authorities because the donations were made little by little.

Under law, a political donation of less than 1.5 million yen need not be reported to authorities. The newspaper indicated that Mr. Hosokawa might not have violated the political fund control law because each donation from Sagawa was less than a million yen.

But suspicion remained that Mr. Hosokawa might have tried to conceal the fact that he had received Sagawa money, it said.

Mr. Hosokawa submitted the report to parliament because the opposition parties demanded it, the newspaper said.

He said in an interview in May that political donations to him in the past several years might total 25 million yen at most.

The former Liberal Democrat lawmaker, Shin Kanemaru, resigned as vice president of the party in August last year for taking 500 million yen from Tokyo Sagawa Kyubin Co.

Western trade and investment capital.

Selig Harrison, an Asia specialist at the Carnegie Endowment for International Peace, said Monday that it remained unclear whether the South Korean president would go along with the softened U.S. approach.

(AP, Reuters)

U.S. Missiles for Seoul

The United States plans to sell 317 air-to-air missiles to South Korea for \$169 million to help bolster that country's defense capability, Reuters reported Tuesday from Washington, quoting the Pentagon.

The transfer would include 190 Advanced Medium-Range Air-to-Air Missiles, which can be fired at targets from over 30 miles (45 kilometers) away with high accuracy, and 127 shorter-range Maverick air-to-air missiles.

Administration officials say the U.S. government intends to make clear to North Korea that if it permits even limited inspections, then a new set of high-level American-North Korea talks could address a broader range of issues, including the question of diplomatic recognition of the Pyongyang regime.

The administration is also ready to suspend — though not cancel outright — the U.S.-South Korean military exercise called Team Spirit scheduled for next year, officials said. The administration would continue planning for Team Spirit but only conduct the exercise if the North Korea talks collapse.

North Korea, whose economy is in deep difficulty, is mainly interested in American diplomatic recognition and winning access to

CLINTON: Offer to North Korea

Continued from Page 1

longer can be sure North Korea is not building a nuclear weapon.

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(AP, Reuters)

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Merely a Start in Italy

This is not yet an Italy rebuilding its shattered politics; it is an Italy still groping through the rubble. Disunity is the wrong reaction to Sunday's dismal voting in that confused country. The Italians are not, as some people fear, henceforth condemned to a choice between a wild rift, an incoherent left and a bunch of potential northern breakaways. Sunday's vote made it clear which parties may well be excluded from Italy's reconstruction job, but it did not reveal the building blocks of the new order. That will take much longer.

The parties that make up Italy's present government (13.7 percent of the total vote on Sunday between the four of them) are almost certainly doomed in their present form. The revealed corruption of Italian public life has been too huge, and too nearly all-inclusive, for those who presided over it, as they stand now, to escape obliteration. But these parties — above all the Christian Democrats — were anyway the products of the Italian society, and the Italian psychology, of 40 years ago. Even without the great scandal, Italy was starting to need something different.

It is harder to see what is going to replace them. The best vote winner on Sunday, the Italian Social Movement (14.4 percent), paints itself as a honest conservative party, but still draws neo-fascist thugs to its rallies. It has little intellectual coherence, and no program fit for the government of a major European country. It is a meeting place for the disgruntled, not a foundation stone for a new Italy.

Next came the ex-Communists of the Democratic Party of the Left (14.1 percent), who with a variety of green and pink allies provided Sunday's nearest approximation to a serious all-Italian political force. But Italy's ex-Communists had not yet cut themselves quite clear of the Marxist past, and so are still suspect to most Italians. The curious mixture of allies they fought alongside on Sunday is probably not strong enough to stand the strain of national politics. The supposed new left remains a question mark.

So does the Northern League, with its smaller or regional cousins. So far, the chief target of these angry northerners has been (rightly) the corruption of the politicians of the old order and (perhaps less rightly) the subsidies that the north of Italy pays to the south. Neither of those things is a qualification for becoming the government of the whole of Italy. Yet the League still shrinks from an open declaration of northern independence.

Out of the rubble, Italy will one day create the sort of party system it will need in the post-ideological 21st century — a center right that wants to concentrate on economic efficiency, a center left that prefers to lean toward social compassion. Some of today's fragments will be built into that new system. But Sunday was just a start. It could take years to complete the job.

INTERNATIONAL HERALD TRIBUNE.

It's Time For Japan To Lead

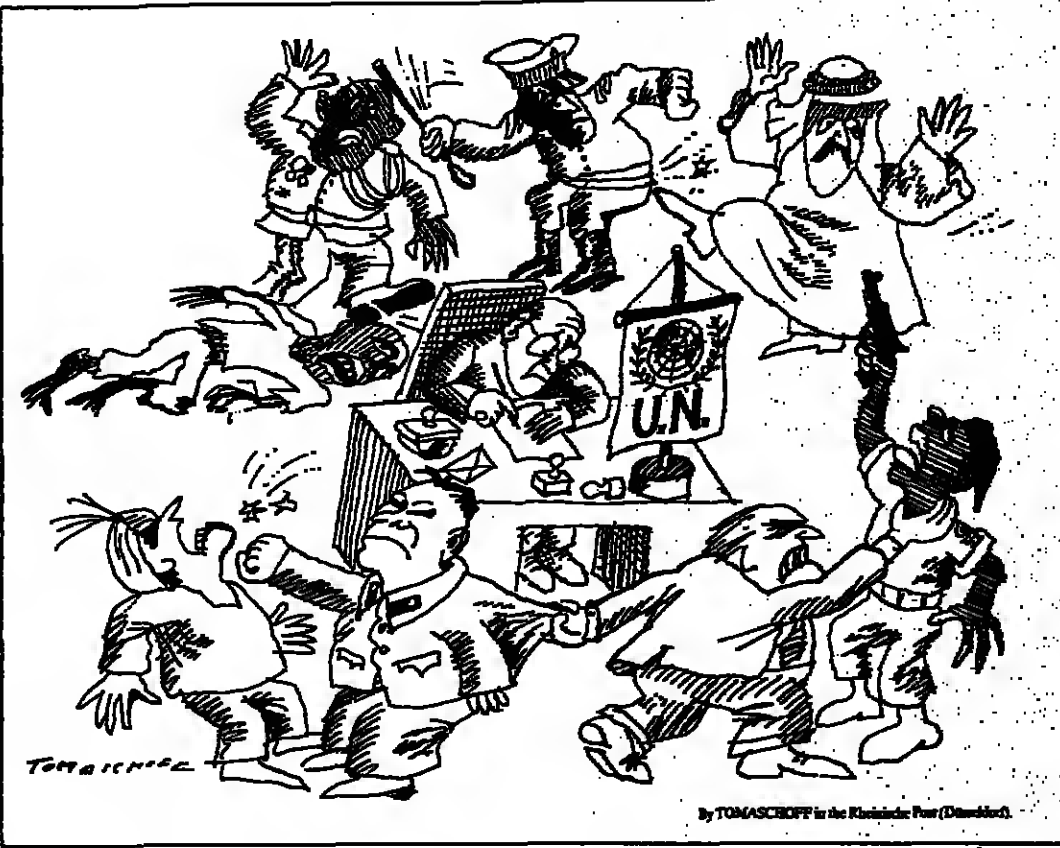
By Gustav Ranis

BERLIN — Japan has shown great reluctance to enter the international arena at any level commensurate with its economic power. Vivid memories of World War II plus MacArthur-imposed constitutional prohibitions prevented it from participating actively in military containment efforts during the Cold War. On international economic issues, Japan has been consistently hesitant, given its lack of experience and trained personnel, as well as, most importantly, the left need to focus rather exclusively on keeping critics of its trade surplus at bay.

Japan today essentially continues to play the role of international hermit, just when U.S. uncertainty and withdrawal symptoms are creating a vacuum that clearly beckons to be filled.

The one exception, Japan's generous and expanding foreign aid effort, which has made it the world's largest donor, only supports the point: recycling those worthless trade surpluses, paying for much of the Gulf War, being generous to Russia even as the Kuri Islands issue remains unresolved, are all part of traditional Japanese passivity plus a desire to take the attention off trade by yielding to U.S. pressure elsewhere.

Recently there have been mild signs of a newfound assertiveness: in raising the issue of voting power in international financial institutions, in forcing the World Bank to re-examine its explanation of the East Asian development "miracle," and in hinting that the time may have come for



By TOM SCHOPF in the Washington Post (Overhead)

Japan to have a permanent seat on the UN Security Council.

Essentially, though, Japan remains a reactive player, whether on GATT's Uruguay Round of world trade talks, Bosnia or even China, where the commercial stakes are high. At the same time the United States is finding it increasingly difficult to match its continued global leadership rhetoric with action. It has neither the cash nor the stomach for it — witness Bosnia, Somalia and Haiti.

Could the new, presumably weak government in Japan surprise us all — not only by pushing through do-

mestic political reform and taking charge of its "ruling bureaucracy," but also by exerting some much needed international leadership at the end of the Cold War just as the United States was forced to do in the 1950s?

And perhaps, although it may seem unlikely, a domestically preoccupied Clinton administration would be willing to see Japan flex its muscles and become an active partner.

We know that a rumored Japanese initiative on rice could help rescue the Uruguay Round; that Japan could help resuscitate a "new world order," currently in shambles; and that Ja-

pan could usefully bring its historical experience to bear on transition and development processes around the globe. The United States and Europe may be too tired or self-absorbed at present to worry about the current yawning vacuum in leadership and ideas. This could be the time for Japan to step forward — and shame the rest of us into action.

The writer, professor of international economics at Yale University, is a fellow at the Institute for Advanced Study in Berlin. He contributed this column to the International Herald Tribune.

As Winter Takes Aim At Bosnia

By Shep Lowman

WASHINGTON — Once again winter poses the threat of a major humanitarian disaster in Bosnia. Half of Bosnia is already snow-covered. A hard winter looms.

Last year, though fighting continued through the winter, some roads stayed open and the UN was able to keep up at least minimal levels of deliveries. This year, commercial supplies from the Dalmatian coast into central Bosnia have been blocked for months and UN relief convoys greatly restricted. Meanwhile, the people's physical resistance has been reduced by another year of privation. Millions of lives are at risk.

More steps must be taken. Recent efforts by the United States and the European Community to ensure that humanitarian supplies can get through must be pressed forward.

The Serbs control gas and electric lines into Bosnia. They thus control supplies of power, in Sarajevo and elsewhere, needed for heat, the baking of bread, the transmission of water, and other critical purposes. Concentrated international pressure must be brought on Serbia to allow these energy sources to flow, and also to permit the delivery of relief supplies to Muslim enclaves in eastern Bosnia, which will be harder to supply by air during the winter.

Bosnian Croats largely control the entry of relief supplies from the coast by road to Sarajevo and central Bosnia. Every effort must be made to press Croatia and the Bosnian Croats to let humanitarian supplies flow during the winter.

But there are no stockpiles in place, and harsh weather and deteriorating road conditions threaten to block many smaller mountain roads used last winter. Deliveries into central Bosnia are likely to be far short of the need, even if the Croats can be induced to cooperate.

Nearly 1.5 million people are now in the Tuzla area. The effort to open the Tuzla airport for relief operations has become critical — it could make a major difference in the numbers of deaths due to malnutrition, exposure and illness this winter.

Saddam Hussein, the UN high commissioner for refugees, has underlined the threat. "This winter spells real disaster," he said. "Without peace, I don't know whether the humanitarian catastrophe can be avoided." But peace still seems distant. So the view of the courageous high commissioner underlines the need for a major effort to avert disaster.

For example, if the roads continue to be blocked, it may soon become imperative for UN troops to make use of the UN Security Council authorization to use force when necessary in the delivery of humanitarian supplies. The Serbs simply cannot be permitted to block energy supplies.

Perhaps most shocking is the fact that the international community is again approaching a Bosnian winter with a shortage of funds — mostly for humanitarian reasons.

Until recently the United Nations briefings in Zagreb and Sarajevo stressed that the critical problem was to gain access to those needing help, not the availability of resources. Imagine, then, the distress of the private relief organizations when they were told at a briefing this week that the UNHCR was out of funds and that the procurement of many critically needed items for winterization had been suspended.

Because of the urgency, the UNHCR has sent out requests for bids on these supplies across Europe. But without funds, procurement cannot be completed. Ernest Chipman, the UNHCR director of external relations, estimates that adequate funds will be available before year's end. But these estimates have not yet released them.

The factions in Bosnia recently reached agreement to allow free passage of humanitarian convoys throughout Bosnia. Such agreements have often been made; just as often, they have been broken. But the issue is urgent; funds must be made available immediately to test and take full advantage of any opening offered by such an agreement.

Later, of course, will be too late for many. The problems facing all in Bosnia this winter are enormous. But surely this is one we can resolve. If funds are available, they must be released immediately.

The writer, director of International Refugee and Migration Affairs of the U.S. Catholic Conference Migration and Refugee Services, visited Zagreb and Sarajevo last month. He contributed this column to the International Herald Tribune.

China Lets Clinton Down

Braving criticism by human rights activists and their supporters in Congress, President Bill Clinton held out the hand of diplomatic compromise to China's president, Jiang Zemin, in Seattle last Friday. What he got in return was an unyielding lecture on China's hard-line positions. Nobody realistically expected China to announce dramatic changes in its human rights, arms sales and trading policies on the spot. But by failing to reciprocate Washington's carefully planned package of goodwill gestures, Beijing confounds the Clinton administration's efforts to reverse an alarming slide in U.S.-Chinese relations.

Washington took the initiative to repair relations in September, shortly after imposing sanctions over the Chinese transfer of missile technology to Pakistan. Talks on trade issues were going nowhere and Beijing had made no significant progress toward the human rights goals that Mr. Clinton had made the basis for renewing China's favorable tariff status next year. Without surrendering basic principles, Washington softened its tactics — turning down its rhetoric on human rights, loosening restrictions on sales of military technology

and ending four years of punitive restrictions on meetings between high-level officials.

The idea was to take more account of Chinese considerations of "face." The administration replaced unilateral demands for Chinese concessions with offers of dialogue. And it gave priority to issues already covered by Chinese laws or bilateral agreements.

The highest-profile gesture, to citizens in both countries, was Mr. Clinton's personal meeting with Mr. Jiang, held on the sidelines of the Seattle economic summit meetings. But, given China's obsession with issues of "face," it was strange that Mr. Jiang offered no gestures of his own to protect Mr. Clinton's political position.

Even so, Friday's meeting was not wasted. Each side had a useful opportunity to learn exactly what was on the other's mind. If, over the coming weeks and months, China begins to respond substantively to America's main concerns, relations will surely warm. But by rejecting the president's outstretched hand, Beijing once again undermined its supporters in the United States and armed its critics.

— THE NEW YORK TIMES.

Back to Death Squads?

Central America is widely thought of as a region that moved in the 1980s, at immense cost, from civil war to democratic renewal. But this hopeful judgment is still far from being confirmed by events, and nowhere more so than in El Salvador. Fresh death squad assassinations have raised the specter of reversing the country's frail gains.

In El Salvador's United Nations-sponsored peace agreement, the Marxist guerrilla FMLN pledged to abandon arms for the vote, and the government undertook to open a safe political space for it. The opposition's good faith has been put into some doubt by the discovery of FMLN arms caches, including one in Nicaragua, and by left-wing threats. In no doubt, however, are a string of assassinations culminating in the murder of several prominent FMLN figures; the slow official pace of dismantling the right as well as the left and setting up a clean civilian police is also disturbing. Unrestrained, these developments could yet spell the national elections — the first of the new order — scheduled for next March.

A peculiarly Salvadoran element now shadows the country's politics: the threat of disclosing names of civilians and military men associated with death squads. New pressure to tell all

is being put on the "Truth Commission," which the United Nations appointed to probe Salvadoran war crimes. Feeling that more facts were needed, the commission did not publish findings on some explosive allegations.

Similar pressure is being put on the Clinton administration. Intent on keeping the focus on the March elections, it is not eager to confront a Salvadoran government that contains forward-looking as well as retrograde elements. But earlier this year it responded to a call by a Democratic Congress to open Reagan-Bush State Department, Defense Department and CIA files on cases where the Truth Commission had come up short. Newly released documents illustrate U.S. hesitation to crack down on Salvadoran political allies. They also name Salvadoran names, some of them still highly placed. Representative Joe Moakley, the point man, is seeking further documents from the Justice Department and the FBI.

His effort goes beyond refiguring the Salvadoran war. It serves a Clinton administration purpose of reconstituting a Salvadoran political center. It makes it harder for Salvadorans or anyone else to go back into the despicable business of running death squads.

— THE WASHINGTON POST.

Other Comment

Remarkable South Africans

South Africa's negotiators have come up with an interim constitution meant to install democracy, protect minorities, abolish every vestige of apartheid, establish a unitary country and guarantee basic rights. The document is full of compromises. It is a balance between protection of minority rights and guards against paralysis. Until April, Nelson Mandela will be in effect an adviser to President de Klerk. After April, Mr. de Klerk is likely to be a deputy to Mr. Mandela. If South Africa does come through these dangerous waters, the reason will be their remarkable partnership.

— The Baltimore Sun.

In America, a Few Lives Saved

It's morning in America, and Americans of both political stripes appear to have finally seen the light: More than any other country in the civilized world, the United States needs gun

control. The most significant example of the changing climate is the Brady Bill.

Gun control by itself cannot fix everything that ails America, but it will save a few lives. Right and left now agree on that much.

— The Globe and Mail (Toronto).

Philippine Peace Hopes

There is new hope of a peace settlement in the southern Philippines, where Muslim rebels have been seeking autonomy for more than two decades. The agreement between the government and the Moro National Liberation Front to set up committees to tackle the issue shows that both sides appear to want to settle it. The insurgency in the 1970s claimed more than 50,000 lives. Lawlessness has grown, threatening social breakdown and economic collapse. Only a settlement can bring stability. But its prospects will depend on a moderate approach to resolving the autonomy issue.

— The Straits Times (Singapore).

Giving Beijing Every Chance to Clean Up Its Act

By A. M. Rosenthal

NEW YORK — Sometime in June we and they will find out what Bill Clinton was able to accomplish in Seattle.

Results on the economic agenda, the president's hopes for a great Asia-Pacific-American trade zone, will take a lot longer to judge — years. But by June we who live in freedom and they who live in prison cells for asking for freedom will find out whether the president will get action from Beijing on Washington's modest human rights proposals.

By July 3, 1994, the president has to announce whether the Communists are treating Chinese political prisoners and the captive nation of Tibet with any greater sense of decency. If not, he is bound by his own signature on an executive order to cancel China's privilege of paying lowest available tariffs on exports to the United States, a privilege extended to most nations. That is the expressed desire of Congress.

In Seattle, the president concentrated publicly on his vision of a united economic future. Fair enough — that is why he invited the heads of government to come and talk. But I am told by officials I trust that the president did not gloss over the human rights confrontation when he met Jiang Zemin. He put it all before the Chinese president.

The U.S. requests are: Release six political prisoners. Tell the world how many Chinese freedom fighters rot in the cells of the politically damned; what are their names? Stop torture as a routine form of penal administration. Allow international inspection of prisons. End prison and

forced labor as a cost cutter in foreign trade. And talk seriously with the Dalai Lama about easing and hope for Tibet.

Mr. Jiang did not give an inch. But American specialists hope that he carries the message clear: This White House does not want to lift the tariff privileges but means business and will do so if Beijing fails to move.

Now there are ways for Washington to get out of that, like accepting symbolism and promises. But, unlike his predecessor, Mr. Clinton did put it straight to the Chinese. There is no reason to assume now that he will wiggle out of his word.

But trusting the president does not mean being stupid about Beijing. Americans act as if the Communists are dim-witted children. All we have to do is talk in a loud clear voice so they will understand. Then, offer them cookies, to swallow with the human rights medicine. That is what the United States is doing now — releasing a cookie high-tech computer, talking about selling cookie components for a nuclear plant.

The Communists are not fools. They stream that talking human rights to them is gross interference, but they know that is hogwash. They have signed on to the Universal Declaration of Human Rights and the United Nations Charter, which make human rights the business of the world. And they know that none of America's human rights re-

quests touch the tiger-teeth laws and police power that are the basis of their control. Yet they grab the cookies and throw the medicine on the floor. They won't chance a loss of total control.

Interesting about dictatorships, with the largest army on earth, and economic boom, still the Communists tremble at the thought of human rights. And they do not believe that the United States really means business. Why should they, when it did not follow through before and now offers a new batch of cookies?

Beijing knows, too, that the U.S. business community is against making rights progress a condition of trade with China.

I gaze in food wonder at its business friends, virtuous of a money piano I don't know how to play. The profit motive fuels the world. But used to help build up dictatorships it has flooded the engine with war and death, from Hitler to Tojo to Saddam Hussein.

Nobody asks for "isolation" of China — that is a straw hering. The human rights community — Americans in every part and party of the United States — simply says that when we do business with a government that rules by torture and slave labor, we do not have to give the best possible terms. That seems particularly reasonable when the torturers already sell us \$20 billion more than they buy.

President Clinton is giving Beijing every chance. He waits to see if his new approach works. So do we and they.

The New York Times.

Don't Expect the Beijing Leadership to Mellow Soon

By David Shambaugh

BEIJING — As the Pacific century dawns, China's history casts a long shadow over the new era. For nearly two centuries China has been dissatisfied, divided internally and threatened externally. Its preoccupation since the 19th century has been the pursuit of unity, wealth and power.

Today it faces the future with a newfound confidence based on growing economic strength. Yet it remains defensive and dissatisfied. An assertive nationalism is evident that suggests continued difficulties for China in its relations with its Asian neighbors and with the United States.

China's difficulties with America run much deeper than trade, human rights, arms transfer and regional security. They are fundamentally rooted in each nation's history, political structure and worldview.

For China, nothing is more cher-

ished than hard-won unity and state sovereignty. It took China two centuries to accept the Westphalian international order based on state sovereignty, but now Beijing clings tenaciously to it. Washington is seen as challenging Chinese sovereignty by applying pressure tactics. It is also seen as orchestrating a campaign to undermine Communist Party rule. In both capitals the Cold War endures.

Mutual security concerns, which overrode bilateral differences in the 1970s and '80s, no longer serve as glue for a fragile relationship. Indeed, recent discussions here with civilian and military officials have revealed a strong Chinese desire for withdrawal of all U.S. forces from Asia. Beijing evidently sees America as the problem

rather than the solution to various regional security issues, including Korea. Officials reject the notion that a U.S. pullout would create a power vacuum and that the American presence is conducive to stability.

They also deny any Chinese aspirations to dominate the region. As a government that places national sovereignty above international concerns, Beijing finds itself in an awkward position in today's interdependent world. China categorically rejects universalist principles such as human rights, collective security or even the need for United Nations peacekeeping. Civil conflicts should remain free from outside interference no matter the suffering and potential for harming regional security, Chinese officials argue.

The Global Trading System Proves Hard to Resist

By Jeane Kirkpatrick

NEW YORK — The debate over the North American Free Trade Agreement came about as close to class war as American politics ever gets. The conflict did not rest on a misunderstanding. It reflected a real conflict of real values.

No one denied that eliminating barriers to investment and trade between the United States and Mexico would cost the United States some jobs. But NAFTA supporters denied that the low-wage jobs that would be lost to Mexico's low-wage economy were worth saving.

No one denied that new jobs would be created in high-tech industries. But the AFL-CIO and congressmen representing industrial workers noted that the new jobs would not help workers who lost their existing jobs.

To the opponents it seemed clear that the costs of NAFTA would be borne by labor, while the profits would be reaped by business.

The NAFTA debate pitted a dynamic, internationalist capitalism focused on investments, markets and profits for American business against a more conservative labor movement that focused on the jobs and living standards of American workers. The resistance of American unions to NAFTA resembled the French farmers' opposition to GATT, and the Japanese rice farmers' opposition to opening Japan's rice market.

Such opposition seems shortsighted to the partisans of free trade. But it seems like common sense to workers in threatened industries, and to farmers who are not producing rice as cheaply as someone somewhere else. Those workers and those farmers see

no reason why a domestic industry should be sacrificed to a multinational corporation or to an abstract theory of international trade, or even to lower prices for consumers.

They see no reason why their jobs, communities, families or environments should be given lower priority than building a global market, reducing costs of production, cutting consumer prices, increasing investment opportunities and improving the living standards of others.

A dynamic capitalism forces the pace and the scope of change. It challenges entrenched values, habits and interests. It leaps over national boundaries. It enmeshes industries and economies. "Competition is global," Bill Clinton said after his NAFTA victory. "We must take this new world head-on."

The NAFTA fight won, Mr. Clinton confirmed what many guessed but few had mentioned: that he would now ask the other Latin American democracies to join the new free market. A number of those other Latin American countries are ready, having already liberalized their trade policies, abandoning subsidies and protectionism.

It seems reasonable to expect that increased interaction will speed up modernization. It is beginning to appear that an open trade policy could dramatically alter North-South relations, create opportunities for the poorer nations and redistribute wealth between rich and poor countries.

But modernization is a very complex process that happens to people as well as to production. Becoming

modern is coming to think and feel differently about time, space, knowledge, change — and about oneself. The experience of the last century proves that not all people are equally "ready" for modernization.

Culture is the principal determinant. We know that Western culture (found also in Latin America and Eastern Europe) and Confucian culture are compatible with modern capitalism and that, as Peter Berger wrote in his important book "The Capitalist Revolution," "certain components of Western bourgeois culture (notably those of activism, rational innovativeness and self-discipline) are prerequisites of successful... development anywhere."

Where Western culture exists, increased contact such as provided by NAFTA can be expected to speed economic development, enhance living standards, technical skills, productivity and competitiveness. Before too long, Mexicans will be competing with Americans for high-tech jobs, as has happened in Taiwan, South Korea and Japan. Modernization will have "harmonized" the societies that U.S. policy declined to "harmonize," and will probably do so better than programs designed for the purpose.

Bill Clinton has decided to embrace the capitalist dynamic, to speed up the association of the U.S. and unlike economies, rather than structure programs for their "modernization," as the European Community has done with Spain, Portugal and Greece.

If the process of globalization is to be slowed, it will be done by govern-

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S.A. au capital de 1,200,000 F. RCS Nanterre B 71202126. Commission Paritaire No. 61337
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OPINION

Reading the APEC Tea Leaves

HONG KONG — Seldom has a set of initials moved so far so fast in the American consciousness as APEC, the Asia-Pacific Economic Cooperation forum. But what is this group, regarded until so recently by Washington as an unimportant talking shop? What apart from being an excuse for Bill Clinton to appear presidential, for President Jiang Zemin to get in...



OF COURSE, I FEEL BAD ABOUT THE BALKAN SITUATION. BUT THEN I ASK MYSELF, WHAT HAS BOSNIA EVER DONE FOR ME? Europe and the Americas toward regional systems. So, at one end of the spectrum Mexico's accession has defined what APEC can do. At the other, Mr. Mahathir's absence from the feast has defined what it cannot do.

Why Disney-ize History When There's No Need?

WASHINGTON — The grandchildren are gathered for another Thanksgiving — five of them now, none older than 5. Our mortally sedate house is happily adjusting its irreverent, irrepressible and often incomprehensible babbling. The oldest of them now recognize some of Washington's landmarks. Within a year or two, their visits can begin to include excursions into American history, lecturing...

LETTERS TO THE EDITOR

Lockerie and Justice

Regarding "Libya Denounces New UN Sanctions" (Nov. 13), which describes Libya's denunciation of sanctions linked to Libya's refusal to surrender two suspects in the 1988 bombing of a Pan American jetliner over Scotland...

Thai Workers in Libya

Regarding "First of Thai Workers Leave Libya" (Nov. 10). I would like to express my concern about the report that a group of 200 Thai workers in Libya have been dismissed following orders from the Libyan government...

U.S. and North Korea

Marshal Kim Jong Il is the last person to favor a military showdown with the United States. The issue must be amicably settled in the best national interests of Pyongyang and Washington. How? It is simple.

Books

THE COMPLETE LYRICS OF IRA GERSHWIN Edited by Robert Kimball. 414 pages. \$45. Alfred A. Knopf. Reviewed by Margo Jefferson

Letters to the Editor

Abuse of History

At first it sounded like a good idea: Create an illustrated history book that would help German youth understand the roots of Nazism and its civil legacy. The Federal Center for Civil Education, which provides materials for Germany's public schools, enthusiastically supported the project...

Dreams and Reality

Regarding "Dusting Off Dreams of Normality" (Opinion, Nov. 12) by Abraham Rabinovich. Yes, let us dream of the possibilities opened up by a spirit of peace and cooperation in the Middle East. Let us dream big dreams, dreams worthy of the great historic contributions made by Arabs and Jews to the scientific enterprise.

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FRENCH COMPANY HANDBOOK 1993. Profiles of leading French Companies. The 1993 completely revised and updated edition contains 132 pages of information in English on a selection of 50 of the most important French companies...

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BEST SELLERS

Table with columns for book title, author, and bestseller rank. Includes titles like 'THE CLIENT', 'A MARRIAGE MADE IN HEAVEN', 'THE BRIDGES OF MADISON COUNTY'.

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Published by International Business Development, a division of International Herald Tribune, 181 avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Fax: (33-1) 46 37 06 51

LONDON THEATER

Fall of 'Angels':
Epic's 2d Part
Betrays the First

By Sheridan Morley
International Herald Tribune

LONDON — At a time when our leading home-made dramatists are still on the run from anything that might even remotely touch on the 1990s (David Hare honorably excepted), we should continue to salute Tony Kushner.

Cohn eventually takes the play and runs away with it. Like Lambert LeRoux of "Pravda," he is at once the most terrifying and the most memorable creation, dominating by sheer mesmeric villainy the acres of political correctness in which others seek to lose him.

If only "Angels in America" could have been a play focused on the villain in their midst. As it is, in David Schofield's towering performance, Cohn lifts the drama off the floor at every entrance and puts it neatly back there when he departs.

The rest of these honorary citizens of "The Twilight Zone" have rather less claim to our undivided attention, especially as Kushner veers from political thriller to metaphysical fantasy by way of Antarctica and the kind of heavenly debate among the angels that I thought had gone out with early Pinterley and Shaw.

Where Part One now has near-classic status, Part Two suggests work in progress, swerving uneasily from its farcical revelation to some demented bus-and-truck tour of universal business and disease. "If God does return to Earth ever," says one outlooker, "sue the bastard."

Somewhere in this hopelessly overblown, overwrought second half are some of the answers to the questions raised in the infinitely sharper first. But they are buried so deep that even Kushner seems at times to have forgotten where he found them, and he is left scoring cheap jokes off better playwrights: "I have always depended on the kindness of strangers"; "Well now, that's a stupid thing to do."

Yet somewhere in this lingering, splintering, dying bonfire of spiritual and sexual values there is the sound of a truly original playwright attempting to clamber to the top of the heap. Kushner needs to be saluted for his lyrical courage. He also needs to be given a director unafraid of cutting a couple of hours out of "Angels" and leaving us with a five-hour drama about those who grew up in the shadow of Roy Cohn and the American nightmare of identity crisis that he symbolized.

In the meantime we have a hugely agile staging by Declan Donnellan in which Harry Towse as (among others) the old Rabbi, Susan Engel as Ethel Rosenberg, Schofield as Cohn and Stephen Dillane and Jason Isaacs as the lovers do their best to carve credible characters out of a mountain of often impenetrable text.

Annette Funicello as '60s beach movie queen; in her Mouseketeer role, and getting Hollywood Walk of Fame star.



A Mouseketeer Forever

By Holly George-Warren
New York Times Service

NEW YORK — Two days after Annette Funicello's name, handprint and honorary star were emblazoned onto the Hollywood Walk of Fame in mid-September, fragrant flower arrangements, congratulatory banners and colorful balloons filled her home in Encino, California.

Seated on a purple floral couch next to an oversized Mickey Mouse telephone, she chewed merrily on a succession of long red licorice sticks. "I really enjoy being busy!" she enthused on a drizzly afternoon. "Especially having MS, it's better. When I have a bad day, I don't have time to think about it."

Funicello wore her dark wavy hair swept back and her ears were spangled with rhinestone earrings in the form of Mickey and Minnie Mouse. What appeared on her red, white and black vest to be an abstract Escher-esque design turned out to be a pattern combining a roughly 100 Mickey Mouse heads.

Because of the multiple sclerosis she has been battling since the late 1980s, she needs a walker to get around now, her handwriting is a bit shaky and she finds reading difficult. Yet, she said, "My energy is terrific. It's my legs — and my

equilibrium is shot. I have no balance. But from the waist up, you wouldn't notice a thing."

She put away the cars long ago, but at 51, Funicello still radiates the childlike innocence she first brought to the small black-and-white screen in 1955 when "The Mickey Mouse Club" made its debut (it ran until 1959).

That same wholesomeness prevailed when she became a savvy pop star in the raucous early days of rock 'n' roll. As the permissive '60s took hold, Annette — one of the first female stars to go by one name only — never so much as bared her navel in a slew of teenage surf movies, living up to a promise she had made to her mentor, Walt Disney.

"Not without a ring you don't!" she admonished her co-star, Frankie Avalon, in "Bikini Beach."

As feminism and other forces changed family life in the '70s, Annette represented the All-American stay-at-home Mom in television commercials for Skippy peanut butter. The dark-haired girl went door-to-door, peddling the product, making brief comebacks in a television special, the 1987 film "Back to the Beach" and a concert tour with Avalon in 1989-90.

In 1987, Funicello first experienced symptoms that would later be diagnosed as MS. She didn't let anyone but close family members know.

Her announcement in 1992 that she had multiple sclerosis brought her back into the mainstream, landing her on the cover of People magazine.

Today, Annette-mania seems to be in full swing. A two-CD boxed set, "Annette: A Musical Reunion With America's Girl Next Door" (Walt Disney Records), was released in September. On Sept. 14, she received her star on the Hollywood Walk of Fame, and Monday she was honored with the Helen Hayes Lifetime Achievement Award (sponsored by St. Clare's Hospital and Health Center in New York City).

Her autobiography, "A Dream Is a Wish Your Heart Makes," written with Patricia Romanowski, is due out in the spring. In addition, Annette is marketing her own line of teddy bears on QVC as well as a perfume, "Cello, by Annette," which is also sold at Disney parks.

The weekend after Funicello was the guest of honor at the Walk of Fame ceremonies, she greeted more of her fans at the second annual Disneyana Convention at the Disneyland Hotel in Anaheim, California.

At that gathering of 1,800 collectors of all-things-Disney, purchasers of the \$400 limited-edition Annette Mouseketeer doll got to meet Annette herself, who autographed each package. "My husband is your biggest fan," enthused a trim woman in her mid-40s who was accompanied by her beaming mate.

"I was named after you," said a brunette from Utica, presenting a yellowed newspaper clipping for an autograph. "Could you please sign this book?" implored a shy young man who worked at the Disneyland Hotel. He handed over a copy of "Annette and the Mystery of Scoundrels Cove," a classic tome from 1960.

Though she has been hearing these things for 30 years now, Funicello greeted the smiling fans warmly, changing away as if she were catching up on old times.

THE five-hour autobiographical session was followed that night by a lavish banquet. A floor show in a Disneyland Hotel ballroom featured singing and dancing by all the legendary Disney characters — Mickey Mouse, Snow White, Sleeping Beauty, Cinderella, Beauty and the Beast, Aladdin and the Genie.

But the finale, which roused the audience of more than 1,000 people to a standing ovation, was the appearance on stage of Annette, dressed in billowing chiffon and lace and Mickey Mouse ears. Seated alone, she lovingly delivered a tribute to Walt Disney, whom she declared a great American hero.

"Mr. Disney was so, so supportive of me," she said. "I was very shy and I found a shyness in him, and I think that's why we got along so well. When I was given my star the other day, I missed him terribly. I thought, 'I wish Mr. Disney was here.' I get real choked when I think about it. Mickey Mouse was by my side, though. He's always there — he's part of my life. That really is something not everyone can call their claim to fame."

'Cyrano,' the Musical, Turns Play Into Pop Operetta

By Ben Brantley
New York Times Service

NEW YORK — Credit the many people involved in turning "Cyrano de Bergerac" from a lyrical, swashbuckling French play into a Dutch musical into a \$7 million English-language musical with at least one success: Its plot is as easy to follow as a synopsis laid out in Cliffs Notes.

For all its technologically sophisticated sets and elaborately orchestrated score, "Cyrano: The Musical," at the Neil Simon Theatre, comes across as a lavishly illustrated study guide, with many lively, cipherlike characters in sumptuous historical costumes taking pains to explain who they are and what they're doing.

Now such clarity of exposition may be a virtue. But it doesn't leave much room for the rhapsodic infatuation with words that was at the heart of Edmond Rostand's 1898 masterpiece of theatrical hokum and was the very lifeblood of its title character, the long-beaked, postie-souled chevalier of 17th-century Paris.

Even though the lines are almost entirely sung (this "Cyrano" is more a pop operetta than a conventional musical), so many of them are devoted to expositional recitative that the entire work feels closer to textbook prose than poetry.

As directed by Eddy Habbema (who also staged the production in Amsterdam, to great success), it is a fairly efficient piece of storytelling. But it seldom gets much closer to Rostand's heady flights of romanticism and romanticism, or truly felt emotions, than an entry in an encyclopedia.

Don't put too much blame on Bill Van Dijk, the Dutch actor who created the title part in the original version and stars again here.

He is a likable and charming performer, who sings in English with a diction voice and un-self-conscious fluency. But he lacks the titanic presence of a character who has created, through flamboyantly heroic words and gestures, an oversized aura commensurate to the size of his legendary nose.

BUT the biggest problem in raising this Cyrano into the theatrical empyrean where he belongs lies not with Van Dijk but with the show's lyrics: Koen Van Dijk, who wrote the original book and score in Dutch; Peter Reeves, its English lyricist; and the Broadway veteran Sheldon Harnick, who is credited with "additional lyrics." (Just to get this out of the way, the

show's composer is Ad Van Dijk, and none of these Van Dijks are related.)

The writers have been unable to find a way of translating the bravura linguistic arias Rostand gave his title hero with any comparable flair. The most famous of them, in which Cyrano offers 19 stylistic variations on ways to make fun of his nose: here survives into a limp succession of rhymes — "a snorer or a borer or an odor explorer," for example. Most of the lyrics, actually, are simply functional and as unquotable as recipes.

Most of Cyrano's grand gestures, both physical and verbal, tend to get lost amid the truly spectacular multiple changes of Baroque-flavored scenery by Paul Gallis (often achieved with the gasp-inducing use of hydraulic lifts) and the successive ensemble scenes of crowds in opulent period costumes by Yan Tax.

These grandiose set pieces keep coming at us so rapidly and dazzlingly that they don't really have a chance to establish their reason to be. And some of them, like an unbearably cute dancing sequence in the convent to which Roxane has fled from the play's end, should have been scrapped long ago.

Ad Van Dijk's music, which recalls the mechanically propulsive score of "Les Misérables," keeps the plot marching, marching, marching about at a military clip, with suspenseful shadings of orchestral dissonance in the background.

For the scenes involving the triangular love story between Cyrano, his beautiful cousin Roxane (Anne Ronfossion) and the handsome but insouciant Christian (Paul Anthony Stewart), for whom Cyrano provides the words to court the woman both men love, the music shifts into a romantic pop timbre that suggests the ballads from the Disney cartoon fantasies "Beauty and the Beast" and "Aladdin."

Quintessential Butterfly: A Japanese Woman Who Sings Like an Italian

By Christine Chapman

NEW YORK — There is no doubt about it: at least to Yoko Watanabe, Madame Butterfly still lives, 90 years after Gio-Cio-san, the young geisha created by Giacomo Puccini in the 1904 opera, was married and abandoned in Nagasaki by the American naval officer Lieutenant Pinkerton. The Japanese-born Watanabe, who has played Butterfly to international acclaim for 10 years and is now in the Metropolitan Opera production, believes that Cio-Cio-san's love and grief are universal.

"In Japan, in New York, in Italy, the sentiment is the same over all the world between lady and man, between child and lady. All countries have Cio-Cio-san," she said. "But, do they kill themselves for love? Sometimes, just a few people, in the newspapers."

"I am 15-year-old Cio-Cio-san," said the thirty-something Yoko-san during an interview in her New York apartment. "One hundred years ago, she was innocent like a baby. Today I am an adult. But by Acts II and III, when she is 18, she becomes strong, a woman not a child, a woman who will kill herself for her son."

"When I sing Butterfly, I am inside her personality. In my debut 10 years ago, I am crying so hard that I could not sing. So I

decided it is better to make the audience cry."

With the aria "Un bel di," and her flair for melodrama, she brings new meaning from the description of the opera as a "tearjerker."

Watanabe, who was born in Fukuoka prefecture in southern Japan, made her British debut in "Butterfly" with the Royal Opera on tour in Manchester in 1983. The Daily Telegraph critic Michael Kennedy wrote: "A Japanese Butterfly is obviously a consummation devoutly to be wished," if, he added, she also sounds like an Italian soprano. Watanabe met her conditions "triumphantly, in a performance of tragic force and intensity."

After the September 1993 opening of "Madama Butterfly" at the Met with Watanabe playing the lead in her fourth season there, The New York Times critic Edward Rothstein wrote of her lyric soprano as "sometimes touched with the emphasis of near-speech, sometimes turning dramatic in character. Her singing just before the suicide was vital, focused and tender, part of a subtle interpretation."

Similar praise marked her performances in New York, London, Berlin, Bonn, Washington, Baltimore, Dallas, Monte Carlo, Vienna and Tokyo. She also sings Mimi in "La Bohème," Manon Lescaut, Liu in "Turandot," Suor Angelica, Marguerite in Gounod's "Faust" and

Nedda in Leoncavallo's "Pagliacci." But it is as Butterfly that Yoko Watanabe stands out in the opera world.

She was trained in Milan at the La Scala School, after graduating in 1976 from the University of Tokyo's School of Fine Arts and Music. Watanabe is as much Italian as she is Japanese. In fact, she has two passports, Japanese and Italian, and dual citizenship. Married to the Italian tenor Renato Grimaldi for 13 years and imbued with the Italian fervor for self-expression, she is not an old-fashioned Japanese girl. Nor is she an imperious prima donna.

In blue jeans, with her long dark hair hanging loose, she sat against the backdrop of the Hudson River at twilight and explained in English and Italian, with the help of her husband, the importance of "Madama Butterfly" not only to all women who have loved the wrong man, but to Japan.

"When I am playing Butterfly and there are Japanese in the audience, they come backstage to my dressing room after the performance. They tell me I should be more Japanese in my movements. Japanese think that 'Madama Butterfly' is a Japanese opera," she said, grinning.

"In 1985 when I played Butterfly in Tokyo with the Fujiwara Opera Company, I had to do it with real Japanese wigs, heavy and greased. I wore white makeup

like an old-time geisha and a real, very heavy kimono. Because of my breasts I had to be bound so the kimono would lie flat. And, then they padded me with towels to fix a straight line.

"For Japanese the movements and the kimono are as important as the singing. Maybe more important."

Watanabe was the first Japanese to sing the role at the Met, La Scala, Covent Garden, Hamburg and Vienna, although more Asians are singing grand opera internationally today than 20 years ago.

"I've done hundreds of Butterflies," Watanabe said. "But the most memorable was in Strasbourg, France, with Jean-Pierre Fonceille. He taught me everything, walking, singing, acting, for six hours a day with more than a month in rehearsal."

When she was 3 years old, she began to study Japanese and classical dance. When she was 6, her teacher said she was too tall and too heavy to be a dancer. "So I decided to study piano to be a great pianist," she said. "When I was 16, I saw my first opera, 'Madama Butterfly,' and I decided I have to study this role. The Butterfly I saw, Kuniko Kozono, became my teacher for three years."

First place went to the tenor who sang heavy kimono. Because of my breasts I had to be bound so the kimono would lie flat. And, then they padded me with towels to fix a straight line.

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Yoko Watanabe: "The sentiment is the same over all the world. All countries have Cio-Cio-san."

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Table with columns for country, phone number, and access code. Includes countries like Argentina, Australia, Austria, etc.

Small print and legal notices at the bottom of the page, including copyright information and disclaimer.

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International Herald Tribune, Wednesday, November 24, 1993

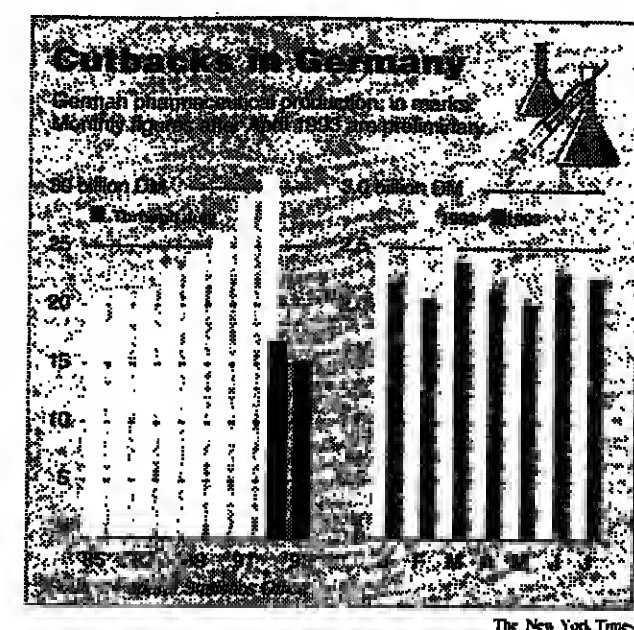
Page 9

Elf Warns Profit Will Drop, Plans Sales to Cut Debt

By Jacques Neher
International Herald Tribune
PARIS — Trying to purge itself of bad news before its privatization early next year, Elf Aquitaine SA said Tuesday that net profit would plunge more than 80 percent this year, while announcing it would sell off more than \$1 billion in assets to lower its debt.

Prescriptions Law Has Side Effects
Germany's New Rules Upset Doctors and Drug Firms

By Ferdinand Proetzman
New York Times Service
FRANKFURT — At the beginning of this year, Germany adopted a law to reduce costs in its health care system, mainly by putting price controls on some pharmaceuticals and a ceiling on the total value of drugs that the country's doctors can prescribe.



THE TRIB INDEX: 107.95
International Herald Tribune World Stock Index. Includes line graphs for World Index, Asia/Pacific, Europe, North America, and Latin America.

Britain Slashes Rates to 16-Year Low

By Ferdinand Proetzman
New York Times Service
LONDON — Britain cut interest rates to a 16-year low on Tuesday in a bid to accelerate economic recovery and offset the effects of expected tax rises in next week's budget.

MEDIA MARKETS

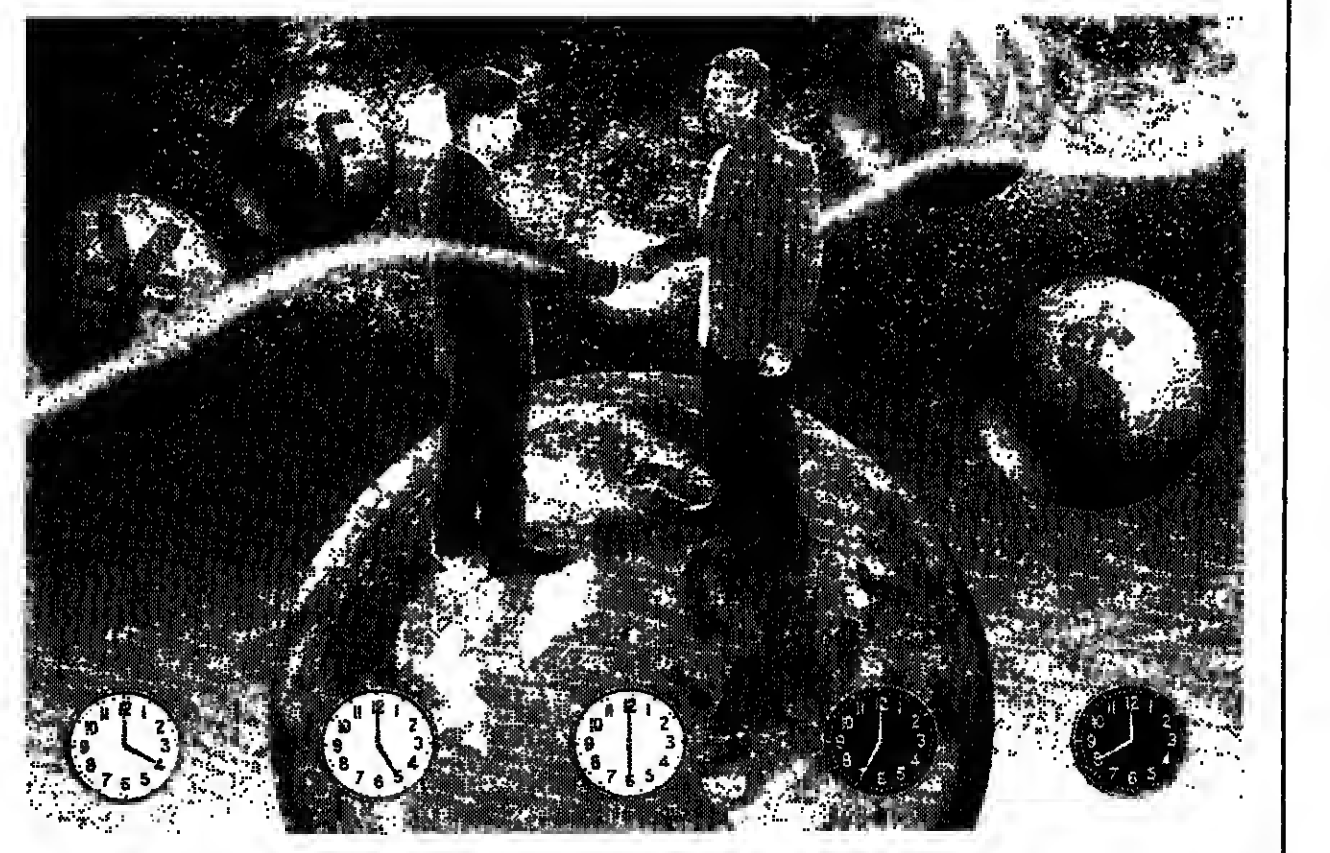
Hotel Wired for Journalists

By Ann Brocklehurst
Special to the Herald Tribune
BERLIN — Rod Pounsett, the director of Berlin's International Media Clubhouse, is a man haunted by plugs. As a globe-trotting journalist for the BBC, he could never find enough of them in hotels, and it sometimes hampered his ability to work on the road.

Hopewell Offers China Power Play

Bloomberg Business News
HONG KONG — Hopewell Holdings Ltd.'s managing director, Gordon Wu, will give Hong Kong investors something Wednesday that they have never had before: a chance to invest directly in China's power industry.

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CURRENCY & INTEREST RATES
Table with columns for Cross Rates, Eurocurrency Deposits, Key Money Rates, and Forward Rates. Includes various financial data points and interest rates.

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MARKET DIARY

Bonds and Utilities Spur Stock Rally

NEW YORK — Stock prices staged a mild rally on Tuesday from four days of steady drops after a surprise decision by the Bank of England to lower rates took some pressure off rates in the United States and helped spur a bond rally.

The Dow Jones industrial average rose 3.92 points, to 3,674.10, on Tuesday, allowing the market to recoup a bit of the sizable losses suffered in recent sessions when investors sold off equities to switch funds back into safer instruments.

The stock market was due for a rally, and the bond market was the catalyst, said Barry Berman, head trader at Robert W. Baird.

Utility stocks, sensitive to interest rates and often a barometer of confidence in the market, were among the session's gainers. They joined with bonds in pulling the broad stock market higher.

The decline in rates was underpinned by a slump in oil prices. The price of crude oil for January delivery fell 44 cents to \$16.67, speculation that Iran was close to a removal of United Nations sanctions on its exports and that the Organization of Petroleum Countries would not be likely to meet in Vienna meeting to lower output.

Advancing issues outnumbered decliners on the Big Board by a 9-

to-7 ratio, while volume dropped 17.55 million shares, to 259.24 million.

The benchmark 30-year U.S. Treasury bond rose 1 point, to 99 7/32, ending a six-day losing streak, while the yield slipped to 6.30 percent.

Many over-the-counter issues that had beaten Monday's recovery Tuesday, notably technology and telecommunications issues.

Warner-Lambert Co. closed at 67 1/2, unchanged after the company said it planned to take a fourth-quarter restructuring charge of \$327 million to cut 2,800 jobs, or about 8 percent of its workforce, and close plants in response to lower drug prices.

Paramount Communications Inc., the entertainment conglomerate being fought over by Viacom Inc. and QVC Network Inc., fell 2 1/2 to 76 1/2, wiping out most of a gain posted Monday amid speculation following its removal from the Standard & Poor's 500-stock index.

(AP, Bloomberg)

Pound Leads Currencies Higher Against Dollar

NEW YORK — The dollar fell against European currencies on Tuesday, slumping against the pound after a smaller-than-expected cut in British interest rates.

Speculation that the U.S. administration is no longer seeking a strong yen to help balance trade

Foreign Exchange

between the U.S. and Japan helped push the dollar to a four-month high against the yen in early trading.

The pound rallied after the Bank of England pushed down bank base lending rates 3.5 percent from 6 percent. Falling interest rates usually weaken a country's currency, but many traders had been expecting the bank push the rate to 5 percent to soften the blow of tax increases expected in the British budget next Tuesday.

"Now people think rates in the U.K. may have bottomed, and that's good for the pound," said Amy Smith, currency-market strategist at IDEA, a consulting firm.

The pound rose to \$1.4655 from \$1.4755 on Monday.

The dollar slipped to 1.7010 Deutsche marks from 1.7032 DM.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Sao Paulo, Singapore, and Tokyo. Columns include stock indices and their percentage changes.



Standard & Poor's Indexes

Table of Standard & Poor's Indexes including NYSE, NYSE Most Active, and NYSE Diary.

AMEX Most Active

Table of AMEX Most Active stocks.

NYSE Diary

Table of NYSE Diary showing market activity.

Amex Diary

Table of Amex Diary showing market activity.

NASDAQ Diary

Table of NASDAQ Diary showing market activity.

Table of Dow Jones Averages showing various market indices.

Standard & Poor's Indexes

Table of Standard & Poor's Indexes.

NYSE Indexes

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Dow Jones Bond Averages

Table of Dow Jones Bond Averages.

Market Sales

Table of Market Sales.

M.Y.S.E. Odd-Lot Trading

Table of M.Y.S.E. Odd-Lot Trading.

S&P 100 Index Options

Table of S&P 100 Index Options.

OPEC Chief Urges Restraint

VIENNA — OPEC ministers began a conference on Tuesday with a plea from the group's president, Jean Ping, for some action to steady declining oil prices, which slid 47 cents, to \$16.63 a barrel, on the New York Mercantile Exchange.

Mr. Ping said that in the absence of production restraint by non-OPEC producers, it was up to the Organization of Petroleum Exporting Countries to act. But participants in the meeting said production cuts had not been discussed during the first day of talks.

OPEC ministers also named Qatar's Minister of Energy and Industry, Abdullah bin Hamad Atiyah, as the next president of OPEC. He will hold the post for six months.

Table of European Futures including Food, Industrials, and Metals.

Stock Indexes

Table of Stock Indexes.

Spot Commodities

Table of Spot Commodities.

Dividends

Table of Dividends.

Financial

Table of Financial data.

3-MONTH EURO DOLLARS (LIBOR)

Table of 3-Month Euro Dollars (LIBOR).

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Bentsen Urges New Banking Agency

WASHINGTON (AP) — Treasury Secretary Lloyd Bentsen on Tuesday proposed consolidating the regulatory functions of the government's four banking agencies into a single Federal Banking Commission.

In an article in The Washington Post, Mr. Bentsen wrote that the American banking regulatory system that had been "cobbled together" over the last 130 years was "obsolete out of date." He added: "It is a drag on the economy, a headache for our financial services industry and a source of friction within our government. It must be replaced."

At present, the comptroller of the currency is responsible for national banks; the Federal Reserve Board regulates bank holding companies, some state-chartered banks and foreign banks; the Federal Deposit Insurance Corp. insures bank deposits and manages state-chartered banks that are not part of the Fed system; and the Office of Thrift Supervision is in charge of thrift holding companies and supervises federally and state-chartered savings associations.

The House of Representatives approved a compromise \$18.3 billion measure early Tuesday to finish the bailout of the savings-and-loan industry. If all the money is used, taxpayers will have spent more than \$150 billion since 1987 to rescue the thrift industry.

Warner-Lambert to Cut 2,800 Jobs

MORRIS PLAINS, New Jersey (AP) — Warner-Lambert Co. said Tuesday it would cut 2,800 jobs and close seven factories in a restructuring to increase the drug and consumer-products concern's competitiveness.

The company said it would focus resources on products that show good growth prospects, including its Cognex treatment for Alzheimer's disease, the cardiovascular drug Accupril and a new anti-epileptic drug awaiting regulatory approval.

It said the moves would result in a one-time after-tax charge of \$327 million, or \$2.43 a share, against fourth-quarter earnings. Warner-Lambert currently employs about 34,000 people worldwide.

Report on China Buys Gold Price

NEW YORK (HTT) — A New York Times article from Beijing saying China would tolerate inflation as a price of growth was circulated to clients of the brokerage concern C.J. Lawrence on Tuesday with a recommendation to buy gold. (The article appears on Page 16 of this issue of the International Herald Tribune.)

Edward Yardeni, chief economist at C.J. Lawrence, said gold, which fell in price after China dumped out on credit in June, was "likely to retest its summer high of \$400." Gold closed in London at \$376.10 an ounce but fell \$1.50 after the article was circulated.

Viacom Tallies Its Paramount Shares

NEW YORK (Combined Dispatches) — Viacom Inc. announced Tuesday that about 12.3 million shares, or slightly more than 10 percent of Paramount Communications Inc. stock had been tendered under its friendly bid for Paramount.

QVC Network Inc.'s hostile bid for Paramount has attracted only about 209,829 shares. But shares that have been tendered can be withdrawn as conditions change.

The judge presiding over the takeover battle for Paramount has delayed until Wednesday his ruling on a request by QVC to block Viacom's merger agreement. As a result, both Viacom and QVC have extended their cash tender offers for 51 percent of Paramount's stock.

QVC's bid is now contingent on the court nullifying parts of the Viacom-Paramount agreement, which contains provisions that would require QVC to pay about \$600 million to Viacom on top of the acquisition price. (UPI, Bloomberg)

For the Record

General Motors Corp. said Tuesday it had sold part of its Delco Remay Division to an investor group led by former Chrysler Corp. President, Harold K. Sperlich.

Sotheby's Holdings Inc. said Michael Ainslie would step down as chief executive and president, effective in March, to be succeeded by Diana Brooks. (Bloomberg)

U.S. FUTURES

Table of U.S. Futures markets including Grains, Metals, and Livestock. Columns include contract names, prices, and changes.

U.S./AT THE CLOSE

Table of U.S. market closing data including Stock Indexes, Commodity Indexes, and Commodity Futures. Columns include index names, values, and changes.

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Orders Fall Off At ABB

Compiled by Our Staff From Dispatches ZURICH — ABB Asea Brown Boveri Ltd. said Tuesday that its order book had shrunk in the first nine months of the year but that it still expected 1993 earnings after financial items to match the \$1.11 billion in 1992.

Russia Sells a Launch Indiana Company Puts Up Satellite

By Edmund L. Andrews New York Times Service WASHINGTON — A small business based in Indiana and partly backed by a Malaysian investor has become the first Western company to successfully arrange the launching of a Russian satellite entirely for commercial communications.

Political Fears Roil the Lira and Italian Stocks

Compiled by Our Staff From Dispatches MILAN — Italian financial markets regained some poise late on Tuesday after political fears had triggered a stampede out of the lira, carrying the currency to record lows.

Investor's Europe

Table with columns for Exchange, Index, Tuesday Close, Prev. Close, and % Change. Rows include Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, Amsterdam CBS Trend, Brussels Stock Index, Frankfurt DAX, Frankfurt FAZ, Helsinki HEX, London Financial Times 30, London FTSE 100, Madrid General Index, Milan MIB, Paris CAC 40, Stockholm Alfaersvaerden, Vienna Stock Index, Zurich SBS.

GATT Chief Assails U.S. Stance on Tax Rules

Compiled by Our Staff From Dispatches GENEVA — The world trade chief assailed the United States on Tuesday for its plans to opt out of new international rules on taxation.

crimination rules embodied in the new services agreement. In effect, this would give the United States unlimited rights to tax foreign individuals or companies at a higher rate than locals.

terpart, Sir Leon Brittan, resumed talks Tuesday to seek a way out of an impasse over farm subsidies that has stymied the negotiations to liberalize world trade.

Layoffs at Fiat

Fiat SpA, one of the few European carmakers to steer clear of heavy layoffs in recent months, plans to cut 4,800 jobs in 1994 because of the crisis in the car market, Reuters quoted the head of Fiat's industrial relations board, Maurizio Magnabosco, as saying.

Very briefly:

- Lagardère, the French conglomerate, said that Bernard Attali, who recently relinquished the chairmanship of Air France, will chair the supervisory board of Arjil Bank, controlled by Lagardère.
• France's economy will grow next year by 1.4 percent in real terms but will decline by 0.8 percent this year "if things go well," said Budget Minister Nicolas Sarkozy.
• Electronic Data Systems Corp., a unit of General Motors Corp., has been chosen to run the computers of Britain's tax collection agency, the Inland Revenue, for a decade for \$1.48 billion (£1 billion).

DRUG: German Prescriptions Law Upsets Doctors and Drug Companies

Continued from Page 9 Lasix was stronger and more effective. Some say the controls are needed. Previously, Germany had few cost controls on prescription drugs and no incentives for doctors or patients to use less costly alternatives.

In 1992, the total value of prescriptions was \$16.5 billion. Ulrich Vorderwiesbecke, a director of the Pharmaceutical Industry Association, estimates that only about \$12.9 billion will be spent this year, a 22 percent decline.

however, that statistic does not indicate the current trend. The pharmaceutical industry argues that it is unfairly bearing the brunt of the cost-cutting.

Thorn Stock Slumps 4% After Weak Profit Report

Bloomberg Business News LONDON — Shares in Thorn EMI PLC fell more than 4 percent on Tuesday after the company reported static earnings for its first half.

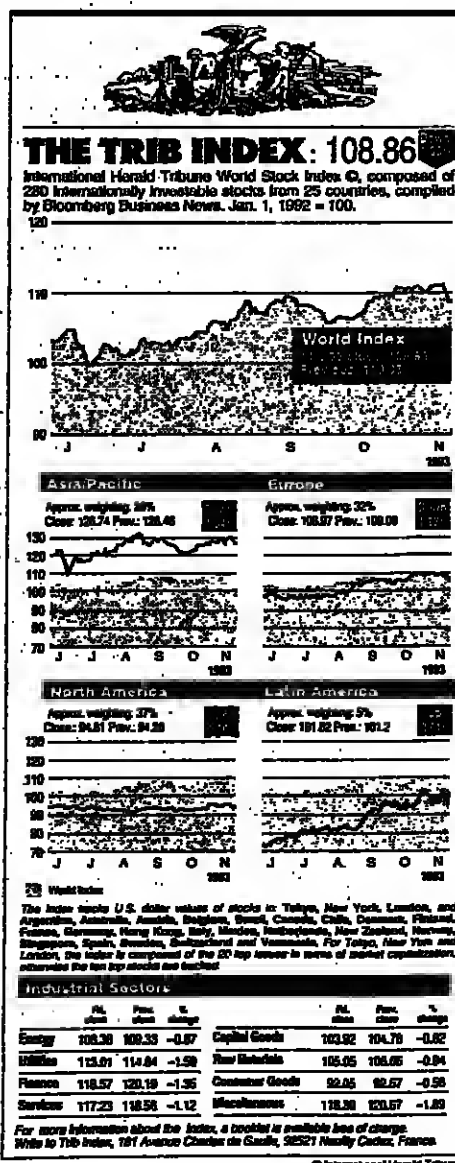
dend payment helped hammer the stock," said an analyst at Henderson Crosthwaite. Thorn's pretax profit totaled £105 million (\$154.98 million) in the six months ended Sept. 30, barely changed from £105.2 million a year earlier.

9-Month Profit Rises at Fortis

Compiled by Our Staff From Dispatches BRUSSELS — Fortis, a Belgian-Dutch insurance and banking company, said nine-month profit was up 19 percent on strong gains in its Dutch nonlife-insurance business and its life-insurance business in Belgium.

profit rose 15.0 percent, to 343.8 million Ecu from 299 million Ecu. The company again forecast higher profit for the full year. Revenue rose 11.0 percent, to 6.88 billion Ecu from 6.20 billion. Fortis's operating profit rose to 343.8 million Ecu from 299 million.

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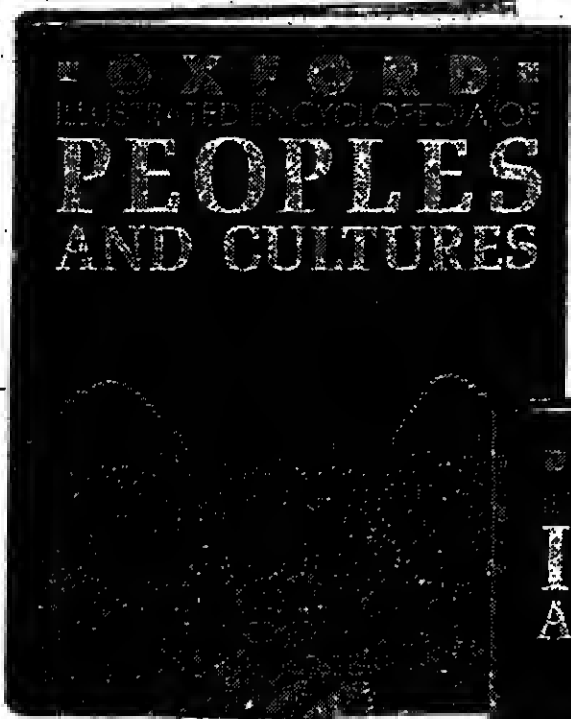
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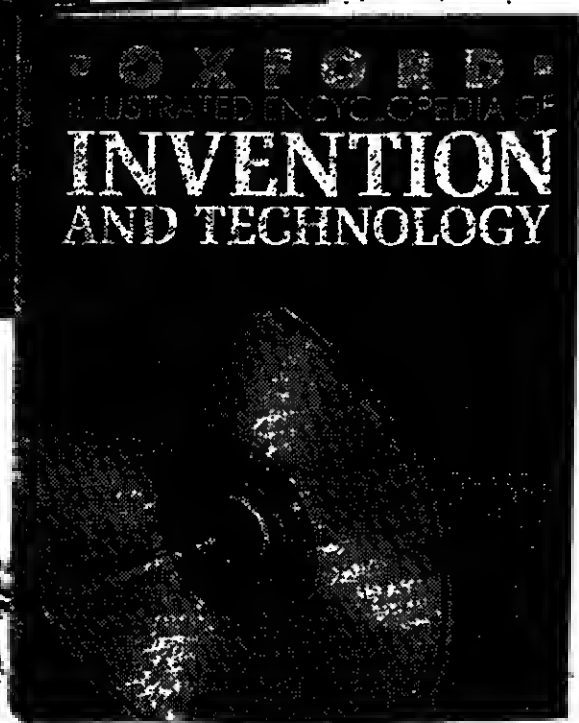
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France	F.F.	1,950	1,070
Germany	D.M.	700	385
Great Britain	£	210	115
Greece	Dr.	75,000	41,000
Ireland	Sh.	230	125
Italy	Lira	500,000	275,000
Luxembourg	L.Fr.	14,000	7,700
Netherlands	Fl.	770	420
Norway	N.Kr.	3,500	1,900
Portugal	Esc.	47,000	26,000
Spain	Ptas.	48,000	26,500
— hand deliv. Madrid	Ptas.	55,000	27,500
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NYSE

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

(Continued)

Table with columns: Ticker, High, Low, Last, Change, Volume. Lists various NYSE stocks.

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INTERNATIONAL FUNDS

Nov. 23, 1993

Quotations supplied by funds listed. Not meant to constitute an offer by the funds listed with the exception of some quoted based on prices.

Main table of International Funds with columns: Fund Name, Ticker, High, Low, Last, Change, Volume. Includes sections for International Funds, Other Funds, and various regional funds.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

China, Giving Up Inflation Fight, Decides to Embrace a Whirlwind

By Patrick E. Tyler
New York Times Service

BEIJING — For months it has been unclear if China's soaring economy could be brought in for a landing — a hard one or a soft one, depending on the austerity measures the government used last summer.

But it now appears the Chinese economy is not going to land at all. Instead, according to some analysts, China's leaders are no longer even looking for a place for it to touch down.

More than a week after a meeting of the Communist Party Central Committee, Chinese and Western economists here said China's party elders have shrugged off a five-month-old austerity drive in favor of a round of robust growth.

"There is no austerity program right now," one Western diplomat who follows the economy said. "It is clear they have made the decision to emphasize growth." His conclusion echoes reports from around China that austerity measures have been quietly put aside.

A Chinese government economist, Fan Gang, one of the many advisers to the Central Committee, said, "Inflation next year is going to be greater than this year, and demand for construction materials and imports is going to be very high." Moreover, China's trade balance is likely to show a deficit as much as \$10 billion this year after posting a \$4 billion surplus in 1992.

"This is the overheating," Mr. Fan said.

Inflation, after declining for two months in 35 urban areas across China, began edging back up in October to more than 21 percent, the State Statistical Bureau said, and the figure is expected to climb further.

Considering that China's economy will expand more than 13 percent this year after inflation, the prospect of turning loose the country's provincial commissars to build factories, bridges, office buildings, dams, hotels, highways, railroads, and power plants seems breathtaking.

A number of senior Chinese officials and Western analysts said they doubted that China's harbors and highways, already jammed with imports, construction material and cargo containers on wheels, can handle a surge of goods.

"It's like a sprinter being asked to run the 100-yard dash again and again," one economist said. And with the price of concrete and other basics in China rising at more than 40 percent a year, at what cost?

But the throttle has already been opened, and foreign corporate investment continues to pour in. Signed contracts were a staggering \$83 billion in the first nine months of 1993 and seem headed for more than \$100 billion by year-end.

A sign of the times was Chancellor Helmut Kohl of Germany passing through Beijing this month to help wrap up, in one sitting, 20 contracts for German vendors, totaling \$2.8 billion.

In this environment, the word

"austerity" has become politically incorrect since China's paramount leader, Deng Xiaoping, said on the eve of the Nov. 11-14 meeting, "Development at a slow pace is not socialism."

Even Prime Minister Li Peng, known to be a supporter of moderate growth of 6 percent to 8 percent a year, has put himself at the head of the chorus endorsing accelerated growth as the only course.

Zhu Rongji, the deputy prime minister who became the central bank chief and economic czar in June, has faded from view. Some analysts, however, say that because Mr. Zhu is obviously in charge of rebuilding China's banking system, he remains a key player on the leadership team.

As some analysts focused on the threat of inflation, others focused on the importance of the leadership meeting in installing a new catchism in China's struggle toward a market economy.

"They are trying to codify, as clearly as they can before Deng dies, the framework for the next six to seven years of restructuring toward what they call the socialist market economy with Chinese characteristics," a Western economist said.

"This is a dramatic step forward

in terms of clarity," he added, "and the time schedule makes clear that they want to get everything done by the year 2000."

Under the blueprint, Chinese officials will attempt reforms on three broad fronts:

- First, on the fastest track, the Central Committee said China would go ahead with a plan to re-

putting a value-added tax into effect until July. Western officials said, not because of any policy dispute but as a result of the complexities of carrying it out.

- Second, the Central Committee approved changes in the banking system that would give the country for the first time a central bank able to control the money supply and discipline the dispensing of credit by regional officials. Under communism, those officials have treated government loans as revenue. Debt and the obligation to repay loans are new concepts for China's state industries.
- The bank reforms would separate arm's-length commercial banking operations from the "directed" lending still necessary to prop up China's unprofitable state factories.
- The third, and arguably the most important, of the Central Committee's decisions was to begin "step by step" convert some state-owned industries into modern corporations that could attract outside investors. The investors would eventually own assets and earn profits and be able to exercise control over management.
- As the most sensitive issue for a socialist economy to confront, state enterprise reform was the most hotly debated, according to Chinese people familiar with the debate. Legislation codifying China's first corporation law is due in the National People's Congress early in 1994.
- Younger and liberal economists such as Mr. Fan, an economist at

the Academy of Social Sciences, clearly felt vindicated.

"I think this is a major step and the most important result of the meeting," Mr. Fan said in an interview. "They didn't accept all of our arguments, but at least it's the next step and in the right direction."

One Western diplomat said some of China's radical reformers were less congratulatory.

"The radical reformers wanted a policy statement that in 1994, the state enterprises would be put on a profit-and-loss basis, that the state would greatly reduce its subsidies and that the banks would only lend to state enterprises using commercial criteria," the diplomat said.

"It's still a very pro-reform document, but it is not necessarily as bold and specific as everyone expected or wanted."

Another Western banker, however, said he was more sympathetic to the step-by-step approach.

"They are not willing to see mass bankruptcies, that is for sure," he said, referring to concerns about social unrest.

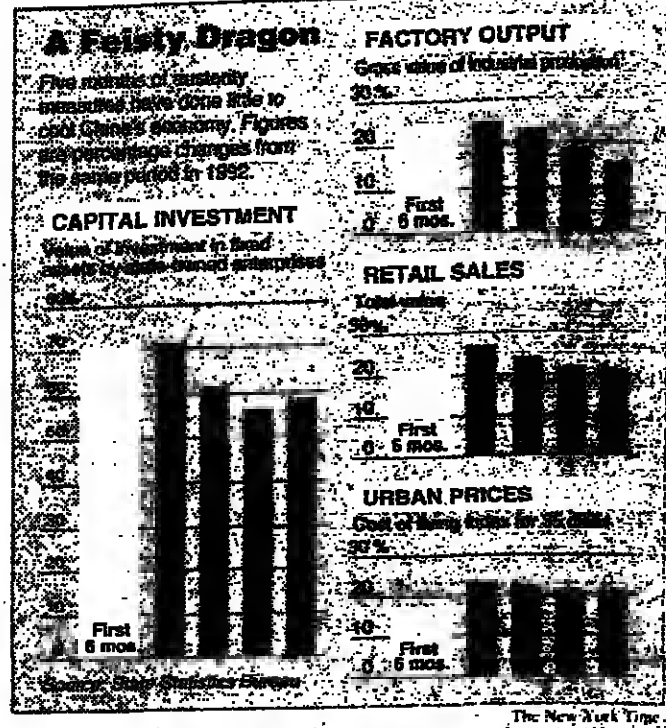
"But I think the writing is on the wall for most state enterprises. They had better get in shape, or they are going to be forced into bankruptcy."

Tax Measures Defended

China's tax changes seek to halt the drop in central government revenue that has left Beijing almost broke while provinces grow rich. Reuters quoted Vice Finance Minister

Xiang Huaicheng as saying government. But Beijing's share of annual tax income, he said, had fallen to 38.6 percent by 1992, from 57 percent in 1981.

"The reforms will separate central taxes — customs tariffs, consumption taxes and income taxes on state enterprises and other major concerns — from local taxes on businesses and personal incomes."



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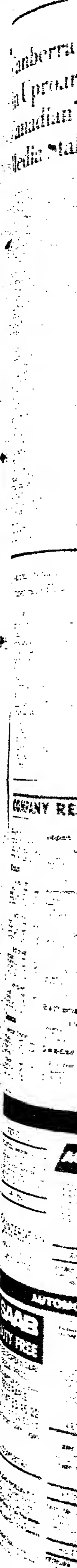
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ASIA/PACIFIC

Canberra In Uproar at Canadian's Media Stake

Canberra — Prime Minister Paul Keating just off the plane from Seattle, ran into a political brawl Tuesday over his decision to let the Canadian media baron Conrad Black increase his stake in the Fairfax newspaper company.

The Trashing of Indonesia Illicit Plastic Waste Curbs Recycling

By Michael Richardson International Herald Tribune

JAKARTA — Spungdo knows little about the high-tension negotiations that are intended to produce an accord by mid-December on liberalizing world trade. But he is adamant that Indonesia's policy banning imports of plastic waste from the United States, Europe and other industrialized nations must be maintained.

cheaper, better sorted and less used than Indonesian material. Yet trash collectors such as Mr. Spungdo "provide free recycling services which keep the environment clean and save municipal authorities millions of dollars annually in waste disposal costs," said Ita Rachmita, a

Factories prefer Western plastic.

researcher at the Indonesian Forum for the Environment, a nongovernment organization. Following protests from representatives of an estimated 200,000 trash collectors in Indonesia, the government banned import of plastic scrap a year ago.

They said that in 1992 alone, the United States exported more than 14,000 tons of plastic waste to Indonesia.

Factories prefer Western plastic.

Officials confirmed there was a problem with illegal imports but said it was difficult to scrutinize the entry of all containers into a country as large as Indonesia.

Asian Stocks Skid on Fears Over U.S. Rates

HONG KONG — Stock markets skidded throughout Asia on Tuesday, with most exchanges closing sharply lower as investors looked in profits over fears that a rise in U.S. interest rates might end the recent boom.

Local markets, led by Seoul, Sydney and Hong Kong, followed the direction of London and Wall Street on Monday, which had also dropped on concern over rising U.S. rates.

battered, with the NZSE-40 index dropping 28.53 points, or 1.38 percent, to close at 2,044.80.

The region's shares had recently staged a bull run as U.S. investment funds, followed by Japanese investors, poured money into regional markets to capture higher returns than they could get at home.

Taiwan Set To Absorb Investment

TAIPEI — Three Taiwan investment-trust companies said Tuesday they expected to receive regulatory approval by the end of December to raise almost \$500 million of foreign funds for investment on the local stock exchange.

Managers at the trust companies said they hoped to benefit from increasing foreign interest in Taiwan's stock market, fueled by a flood of funds into regional exchanges and by Taipei's plans to ease restrictions on foreign investment in equities.

Australia Brakes Super Share Plan

CANBERRA — Australia's attorney general, Michael Lavarch, said Tuesday that the government would intervene if the stock exchange acted too rapidly on News Corp.'s proposal to issue shares with extra-voting power.

VW Bids for Vietnam Plant

HANOI — Volkswagen AG and the steelmaker Thyssen AG offered Tuesday to produce cars and automobile parts in Vietnam, joining a long list of foreign manufacturers bidding to make vehicles here.

Mr. Posth said Volkswagen, which already has a Shanghai plant, hoped to move into Laos and Cambodia if it established an operation in Vietnam.

Vietnam has three car plants — a Japanese-South Korean company assembling the four-wheel-drive Mekong car, a venture between Mekong and Fiat SpA's Iveco unit making trucks and buses, and a Philippine-Vietnamese company that makes Mazdas and Kias.

COMPANY RESULTS

Table with columns for Japan, United States, and other regions, listing company names and financial metrics like Revenue and Profit.

POWER: Hopewell Holdings Offers a New Kind of China Investment

Continued from Page 9

ing a power plant in exchange for an attractive long-term lease, in which the company runs the plant and collects the profits.

After recouping its initial investment plus a healthy return, the company agrees to transfer the power plant back into local hands.

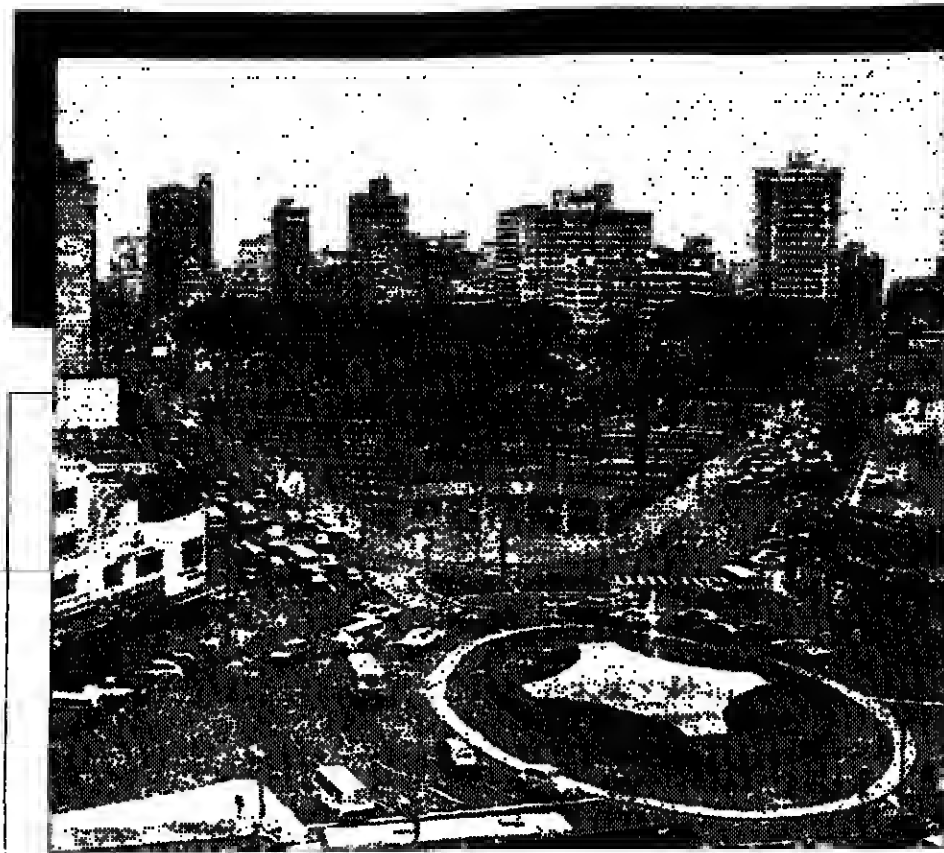
Mr. Wu, the managing director, will apply for half of the shares being offered, but he will have a lower allocation priority than any other applicants, the company said.

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Lima is ready to welcome foreign investors now that Peru has embarked on a dramatic economic turnaround.

PERU

AN ECONOMIC COMEBACK

In the three-and-a-half years since President Alberto Fujimori took over a country battered by hyperinflation, a zero credit rating and one of Latin America's most violent insurgencies, Peru has, according to many observers, made a remarkable comeback in the face of almost unsurmountable odds.

"We are beginning to feel the recovery," says Rafael Venegas, managing director of

6 percent growth for 1993

Citibank NA. Mired in a deep recession, the economy, which shrank 2 percent in 1992, is predicted to grow 6 percent this year and to take off next year.

Although efforts to put the country in order began in 1990, Peru's real turnaround began with the capture last year of Abimael Guzman, founder and leader of the Shining Path insurgency. The Shining Path's 13-year-old war against the Peruvian state killed over 27,000 Peruvians and inflicted \$22 billion in damages to infrastructure.

A month after taking office in 1990, Mr. Fujimori unveiled one of the region's harshest economic recovery programs. Inflation that year skyrocketed to almost 8,000 percent, but has dropped steadily since, to 57 percent in 1992 and to an esti-

ated 40 percent this year. In 1994, inflation is expected to fall to around 27 percent.

Along with the recovery program, dubbed "Fujimorock," came sweeping free-market reforms in taxation, social security, public enterprise, tariffs and trade as well as an ambitious privatization drive and laws designed to attract foreign investors to Peru.

Earlier this year, Peru cleared arrears with Washington's multilateral credit banks, making the country eligible for fresh loans for the first time since 1985, when then-President Alan Garcia announced he would limit debt payments to 10 percent of export earnings.

In May, the Paris Club of Western creditor nations agreed to reschedule the \$3.1 billion Peru was due to pay in 1993-1995. Peru owes the Paris Club nearly \$6 billion, just under a third of the country's total foreign debt of around \$23 billion.

In September, Peruvian debt negotiators sat down in New York with a Citibank-led debt advisory committee for preliminary talks on Peru's \$6.3 billion debt to foreign commercial banks.



Peru's Pacific orientation is reflected in trade overtures to Asia.



Continued on page 19

PERU AT A GLANCE

Land area: 1,285,216 square kilometers (514,086 square miles)
 Natural resources: Copper, silver, gold, petroleum, timber, fish, iron ore, coal, phosphates, potash
 Population: 22.8 million
 Languages: Spanish and Quechua (official), Aymara (highlands) and dozens of others spoken by native inhabitants in the Amazon basin
 Labor force: 8 million
 Government: Republic
 Independence (from Spain): July 28, 1821

AN INTERVIEW WITH PRESIDENT ALBERTO FUJIMORI

Alberto Fujimori, Peru's president since 1990, recently spoke about the dramatic moves his government has made to improve the country's economic and business climate.

In your view, who won the constitutional referendum of October 31? Even if it wasn't approved by the overwhelming majority of Peruvians, will you seek re-election in 1995?

I haven't yet decided to run in 1995. Now we have a new constitution, and with that Peru has won - because it will lead us to

total modernization. As to why the constitution won by such a narrow margin, that is not unusual. Here we're used to the president having a very high approval rating: 64 percent nationwide and 70 percent in Lima. It shows that votes can't be transferred from a person to a proposal. But the victory is overwhelming, and within a global context, it is extraordinary. My government plan has been strengthened. I'm going to work more intensely in certain areas, such as education in the provinces and in recon-

structing these areas by providing more direct social-welfare programs. In that sense, there is a change in the government plan, which means an improvement in the macroeconomic and social conditions of the country in general.

How do you justify your "self-coup" of April 5, 1992?

The political system demonstrated inefficiency, and so we were trapped. One could neither move ahead with the 1979 constitution, nor could we sacrifice two or three years. In the years that the 1979 con-

stitution was in effect, nothing was done, in spite of the serious risks that terrorism signified. So I think it was a well-justified move.

In many ways, economic stability existed before your self-coup of April 5, yet some investors are still wary because political stability is not as evident. Do you think another April 5 is possible?

With the approval of the new constitution, I don't think that kind of situation could arise. I won't even speculate, because it just won't happen. This constitution not only provides po-

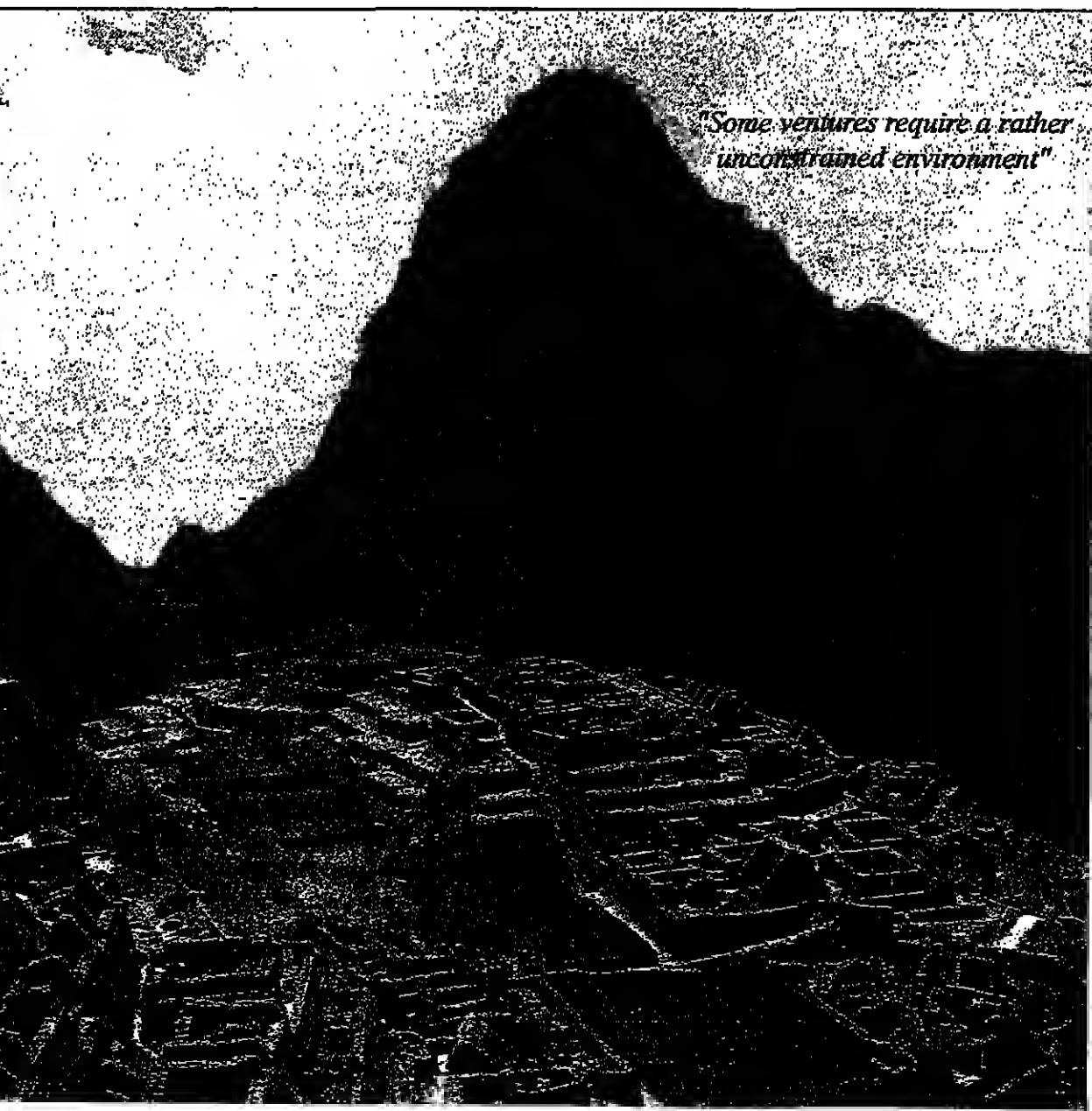
litical stability, but also the economic and financial stability that apparently existed before, but with some reservations.

You have often said that you enjoy being president. What is it you like about your job?

It fascinates me. It fascinates me because I like to confront challenges. I think that's part of my nature, part of my personality. I purposely seek challenges. If everything is peaceful, my life is dull. It depresses me. I like finding solutions



The passage of the constitutional referendum on Oct. 31 was a victory for the Fujimori government.



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ADVERTISING SECTION

PRIVATIZATION GENERATES CASH AND COMPETITION

The atmosphere was tense as privatization officials waited to collect sealed bids for the Cerro Verde copper mine. With falling world copper prices, who would take the risk?

The winning and only bid came from U.S. mining company Cyprus Minerals with a \$37 million cash offer — \$7 million over the base price — and a pledge to invest \$485 million in the mine over the next five years.

Cerro Verde's sale on Nov. 10 marked the third privatization this month and the 19th since Peru launched its sweeping privatization drive in 1991, linchpin to the free-market reforms announced by President Alberto Fujimori in August 1990. Another 50 companies are slated for the auction block in 1993 and 1994.

Since the United Nations Development Program and World Bank-funded privatization program began in late 1991, the state has raked in over \$500 million in cash and more than \$1 billion in promised investments.

Carlos Montoya, executive director of Copri, the commission in charge of private investment that orchestrates privatizations, expects to make an additional \$1.5 billion by next March.

Despite all the initial hoopla, privatization lost its momentum this year, and until the recent sales of Banco Popular, Transoceanica and Cerro Verde, no major company had been privatized since January. Mr. Montoya admits that mistakes have been made, but these have turned Copri into a more efficient privatizer. "It's amazing," he says, referring to glitches that held up some sales. "People are in such a rush to get their offers in that they even forget to sign the papers."

In 1990, state-owned companies chalked up losses of \$2.5 billion. "Before, the state dedicated itself to being an impresario," says Alfonso Bustamante, the minister of industry and prime minister. "Now, with a new constitution, the state has redefined its role. It can't invest resources in things that aren't funda-

mental like health, education or welfare."

In a bid to make companies more attractive to potential buyers, committees charged with privatization trimmed bloated payrolls by introducing voluntary redundancy programs. In companies with foreign creditors, the government has taken on their debt.

Cerro Verde, for instance, reduced its work force from 1,300 to 785 workers, and the government assumed the mine's \$7 million debt. Hernan Baretto, chairman of Centromin, the mining, smelting and refining behemoth scheduled for sale early next year, turned Centromin's finances around from a \$174 million loss in 1991 to a \$19 million profit after taxes last year.

Centromin's sale will probably be postponed until 1994 as Congress fine-tunes legislation that will allow debt-swap mechanisms to be used in privatizations. Debt-for-equity swaps also hinge on the outcome of negotiations with the country's commercial bank creditors, holders of Peruvian debt paper.

The race is heating up as some of the hottest properties go up for sale late this year and into 1994. Leading the pack are a slew of telecommunications companies expected to bid for Peru's Telecom. The main contenders are Spain's Telefonica and Southwestern Bell. Other potential buyers include GTE, AT&T, France Telecom and Cable & Wireless.

Owning a phone company is good business, investors say. It offers new

owners a chance to buy into a built-in monopoly with a huge potential customer base. Indeed, Peru has one of the lowest densities of phone lines in Latin America, with 2.53 lines per every 100 inhabitants. The real key to any successful privatization is not who pays more, but how much the new owners are committed to spending on developing the property. In state-owned mining properties, investment commitments are especially high

because of decades of mismanagement, overstaffing and inadequate investment in up-to-date technology.

When Shougang Corp. in Beijing purchased the Hierro Peru iron mine for \$120 million, it also promised \$150 million in investments. Production at the mine has doubled since Shougang took over earlier this year.

Mantos Blancos, the Chilean subsidiary of South Africa's Anglo-American Corp., which bought the unexploited Quellaveco copper deposit in southern Peru for \$12 million, re-

cently announced plans to invest over \$500 million in developing the mine. Highlights of successful privatizations include the sale last January of flag carrier Aeroperu to an Aeromexico-led partnership for \$25 million, the early November purchase by Peru's Financiera de Credito of the Banco Popular's Bolivian subsidiary for \$6 million and the sale of Transoceanica, a fleet of oil tankers, to Glenpoint Enterprises Inc., a Chilean-Peruvian partnership, for \$25 million.

Luis Hidalgo, chairman of Banco Continental and

president of Interbank's privatizing committee, says banks are just as attractive as mining properties, especially as banking in Latin America becomes increasingly regional. The sale of both banks early next year is being handled by Credit Commercial de France.

While other countries selling money-losing state companies ran up against a lot of flak, Peru, notes a foreign observer, never had any strong opposition. "There was widespread consensus. It has been well-managed politically." A.V.H.

GETTING ON BOARD THE ECONOMY IN A SHORT TIME

Carlos Montoya, executive director of Copri, the Commission for the Promotion of Private Investment, recently spoke about his organization's achievements and prospects.

How would you gauge the investor interest shown so far in Peruvian privatization?

Privatization is glitzy. Of course, the kind of novelty privatization presented at first is gone. Now it has become something widely accepted. It is important to the country, and investors see it as a way to get on board an economy, and get on board quickly. If you invest in a greenfield project, it will take three or four years for construction, and then you'll start making money a few years after your investment. Here you get what you purchased, and in no time you're up and running and making money — because these companies are good. Those that are not good, in the sense of having potential, are liquidated. We have what we call entrepreneurial discipline. The activity that doesn't work won't work in private hands just because it's private. It won't work ever. What's the sense of keeping it?

How much has been made from privatization since the process began, and how much does the government still expect to make from upcoming sales?

Up to now, we have made about \$460 million. Investment commitments are to the tune of \$710 million, and on top of that, we have some \$20 million or \$30 million that has already been invested outside of the commitments. By March 1994, we should have made an additional \$1.5 billion.

Now that privatization is under way and many companies — both newly privatized ones and those in the run-up to the sales — are in the black, in what other ways has the country benefited?

The benefits of privatization are not really in selling the company. It's what the company does after it's sold. That's what we claim all the time. Take Aeroperu [purchased in January by an Aeromexico-led partnership for \$54 million]. It has a new fleet, new management. Shougang Corp. [the Beijing-based steelworks that bought the Hierroperu iron ore mine for \$120 million] has stuck to its investment commitment schedule and doubled production. I think these are success stories. I can't say all the [privatized] companies are making money, but most are.

What is the government doing with the proceeds from privatization?

The government is financing part of its fight against poverty with this money. It is earmarked by law for this purpose. Copri's mandate, in fact, ends when we deposit the proceeds of the sale in a Treasury account.

How many state employees have been laid off as a result of privatizations?

People believe that privatization breeds unemployment, which it doesn't. What happened is that these companies were grossly overemployed, and even if they had been kept by the state, in order for them to survive they would have had to trim down the labor force to whatever is necessary for efficient production. That's what the government did, and then it privatized them. We have a voluntary redundancy program, which is different from being fired. Workers are given a chance to leave with an incentive in addition to their benefits.

Is the government planning to use debt-for-equity mechanisms for future privatizations?

Congress has approved the draft law that would permit the use of debt-for-equity swaps for privatization. As Finance Minister Jorge Camesi said, we don't have cash to pay for our

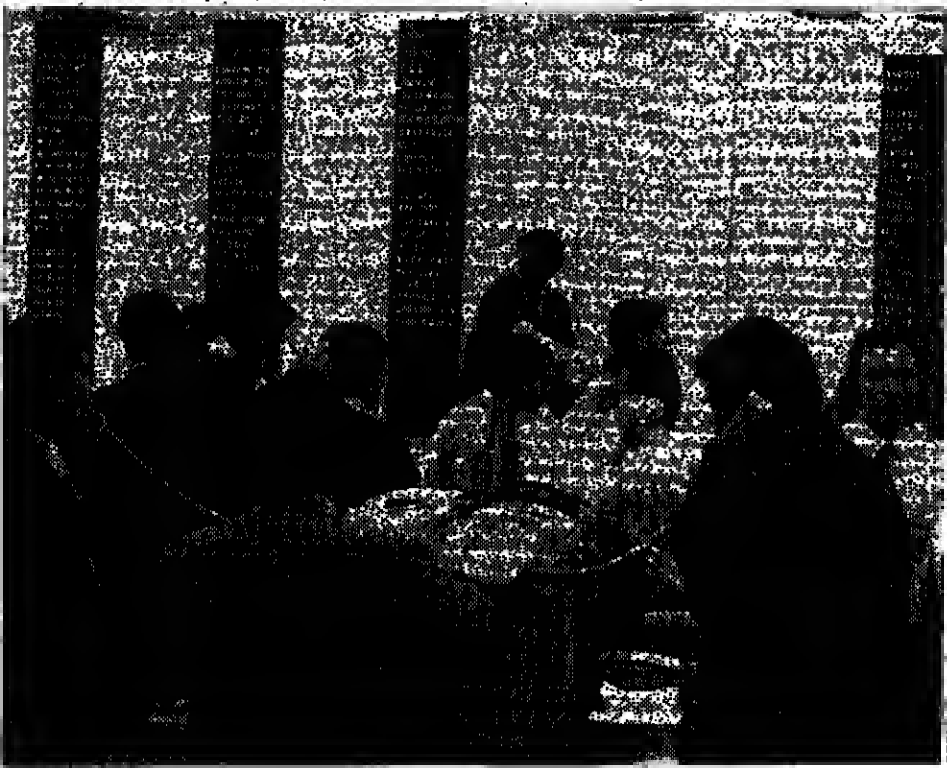
debt, but we do have assets, so it's the logical way to go. We think Centromin [the large mining complex up for sale later this year] would be one of those that would benefit from the use of debt paper. It's a difficult company. Electrolima, even though it has as high or a higher price tag than Centromin, is a company that is much more attractive. First, it produces cash from day one. It has a very stable demand, with a very stable pricing system. You don't have to get all kinds of safety measures to be able to make money, whereas at Centromin you have a company that has difficult operations and major environmental prob-

lems that have to be overcome. That takes time and money. We believe the price of Peruvian debt paper — roughly 50 cents on the dollar — is relatively high. In 1990, it was less than four cents on the dollar. Debt swaps are necessary because they enhance demand and provide support for those we're interested in attracting — top-notch operators. They're not really interested in shelling out a lot of cash for companies. They're interested in putting in enough money to gain adequate control and have others on their side who are more financial investors.

FUTURE PRIVATIZATIONS

Company	Date
Centromin (mining)	1994
CPT/Entel (telecom)	1994
Banco Continental (banking)	1994
Interbank (banking)	1994
Electrolima (utility)	1994
Electroperu (utility)	1994
Ilo Copper (refinery)	Nov. 1993
Cojamarquillo (zinc refinery)	1994
Pesco Peru (fishmeal and fish-oil plants)	1994
Siderperu (steel mill)	1994
Tintayo (copper mine)	1994
Petroperu (state oil co.)	1994

Source: Copri



Upcoming privatizations are fueling Lima's bull market.

COMPANIES PRIVATIZED

Company	Base price	Sale price	Buyer	Date sold
Banco de Comercio	\$5.4 mn	\$5.4 mn	Peruvian investors	June '92
Hierroperu	\$22 mn	\$120 mn	Shougang Corp. Beijing	Oct. '92
Quellaveco	\$9 mn	\$12 mn	Mantos Blancos	Dec. '92
Aeroperu	\$41 mn	\$25 mn	Aeromexico-led	Jan. '93
Banco Popular	\$3.5 mn	\$6 mn	Financiera de Credito	Nov. '93
Petrolera Transoceanica	\$2.5 mn	\$25 mn	Glenpoint Enterprises Inc.	Nov. '93
Cerro Verde	\$30 mn	\$37 mn	Cyprus Minerals Co.	Nov. '93

*Net sum paid for 100% transferred to the private sector after debts.

Source: Copri

INTERVIEW WITH PRESIDENT FUJIMORI

Continued from page 16

to challenges. It fascinates me to run the economy, anti-terrorism, social matters and investments. I like to see results and see people's responses.

Your detractors say your management style is authoritarian and that you confuse governing with giving orders. How would you rate your management skills?

The success of a job is measured by its results. Those results are evident in all areas: terrorism is on the verge of being eradicated, financial isolation has been overcome, hyperinflation is under control, social programs are reaching the people as never before, investments are being carried out efficiently. All this is done by delegating, but at the same time, one has to be vigilant. I have to give di-

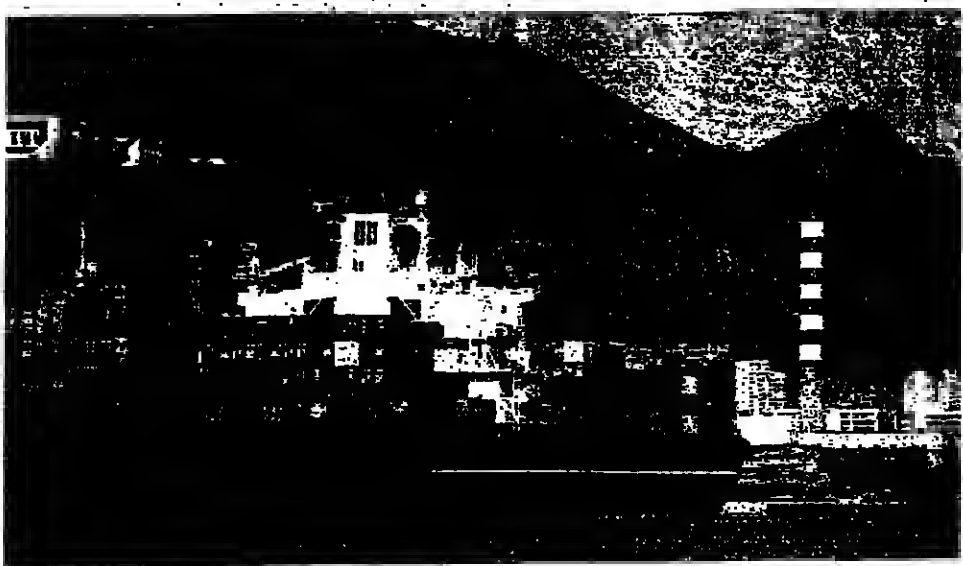
rections, and some people confuse this with giving orders. But the directions have to be clear, because in this government there are no positions of doubt.

You have made tremendous strides in pacifying the country, especially now that the leaders of the Shining Path and the Tupac Amaru Revolutionary Movement are behind bars. Who is the architect of your anti-terrorism strategy?

False modesty aside, I designed it personally. I've managed all aspects of the anti-terrorism strategy: judicial, penitential, military, intelligence and psychological. The directions are very clear. Furthermore, to go from the repressive strategy that I encountered to the strategy of getting closer to the people has been a monumental task.

Interview by Adriana von Hagen

Some signs carry authority anywhere in the world

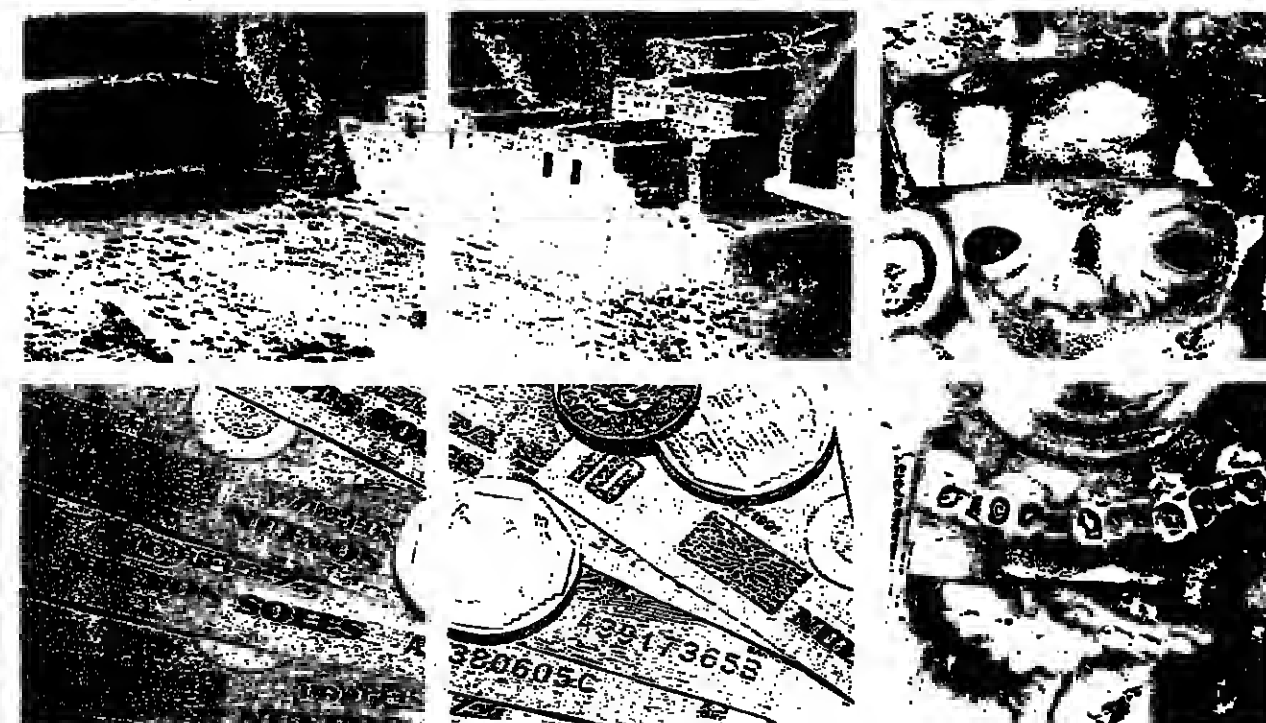
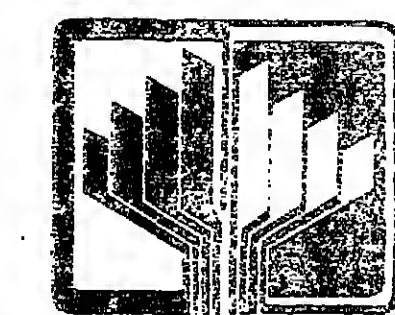


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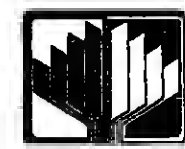
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FOREIGN COMPANIES ARRIVE TO LOOK, STAY TO INVEST

What do a gold mine on a barren highland 4,000 meters above sea level and a department store in a posh Lima neighborhood have in common? Both are open today because foreign investment in Peru is finally on the upswing, powered by an investor-friendly legal framework.

Peru is going after foreign investment with a vengeance, sending trade missions to comb the globe and rewriting its entire economic code, and the effort is starting to pay off. According to the Central Reserve Bank, direct foreign investment rose from \$127 million in 1992 to \$207 million in the first trimester of 1993.

"There's an awful lot of people coming in for a look around," says Michael Donovan, general manager of the American-Peruvian Chamber of Commerce. "At least 80 percent more than last year."

Part of the credit for these investment successes goes to the government's privatization drive. According to Carlos Montoya, head of the government Committee to Promote Private Investment, and the country's privatization czar, sales of state-owned companies have so far brought in \$475 million in hard cash and \$710 million in investment commitments.

New legislation, and the new constitution approved in a referendum on Oct. 31, are also part of the government's no-holds-barred effort to put the free market to work in Peru.

The Foreign Investment Promotion Law guarantees foreign investors the same rights as domestic investors. The new legislation also allows investors to freely remit in hard currency all their profit and capital and to invest in any economic activity. Foreigners can also participate in banking, insurance and reinsurance, and carry overseas insurance policies. Mr.

Montoya says the law is only part of Peru's new magnetism for investors. "Investors need a confluence of elements, including security," he points out.

The government has also drastically simplified the maze of procedures that once complicated international trade. Peru now has only two tariffs, 15 percent and 25 percent, and more than 90 percent of imports enter at the 15 percent rate.

Tariff reform was the green light one Chilean company needed to move into Peru. Last April, Santa Isabel, a Chilean supermarket chain, bought 85 percent of the shares in the ailing Peruvian chain, Scala. Santa Isabel, which owns 22 supermarkets in Chile, was looking for a place to grow. As Santiago was saturated with 300 supermarkets, it looked to Peru.

"In Peru, there's an enormous market, but it had migrated to the contraband markets," says Phillip Munn, Santa Isabel's Peruvian partner and the company's general manager. "With the new laws, that's changing."

Nonetheless, it is mining, which represents 41 percent of Peruvian exports so far this year, that leads the way in the investment boom. "Investors in natural resources — mining, petroleum — are used to high-risk situations," says Francisco Sagasti, a consultant and former World Bank official. "They will go anywhere in the world, provided you have the right combination of natural resources and economic policies."

The growth of mining investments began in 1991, when the veteran Southern Peru Copper Corporation announced a five-year, \$300 million investment program. Southern expects to increase Peru's copper production by 9 percent annually.

Another major investment in mining came last year, when the Newmont Mining Corp. of Delaware

announced that, along with its French and Peruvian partners, it would invest \$36 million in the Yanacocha gold mining concern.

"Everybody has always known that Peru has tremendous mining potential," says Newmont's Leonard Harris. "But to our mind, they just didn't want foreign investment under the previous government. That's all changed."

Peru has also turned into a magnet for short-term investments in the stock market. Value traded has nearly tripled, from \$200 million in 1991 to \$550 million in 1992, and this year promises to hit \$1.5 billion. Mr. Sagasti, however, warned that these investments are a "mixed blessing," which may disappear as quickly as they have arrived. "Bona fide medium- and long-term foreign investment in manufacturing, agriculture," he says, "these are the ones you want to attract."



New opportunities for natural-resources investors.

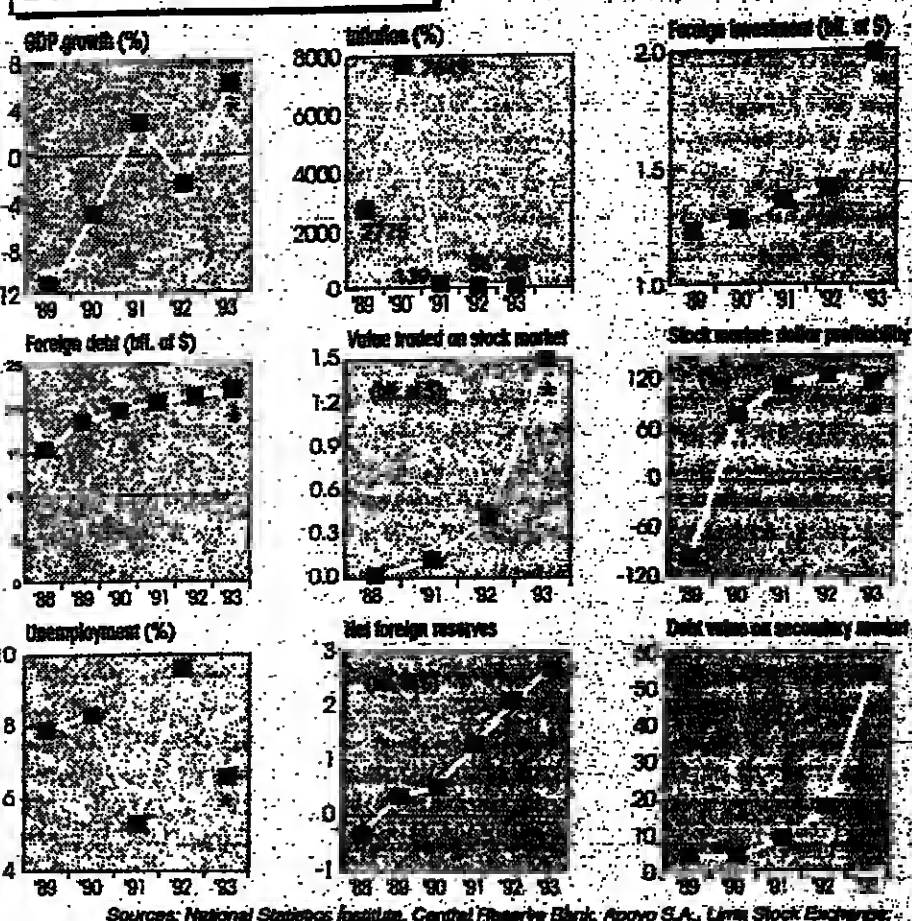
The government has not sat back and waited for investors to come along. Trade missions composed of government and private-sector officials, including the president, have visited Europe and Asia. After an early June Asian sweep that included South Korea, President Alberto Fujimori announced that Daewoo Motors would install an assembly plant in Peru with the capacity to turn out 20,000 cars per year.

The government has also set up a new agency, Promperu, to boost Peru's

reputation among investors and tourists overseas and give it what Mr. Montoya calls "the image of a major turnaround, and of total commitment."

COFIDE, or the Corporación Financiera de Desarrollo, formerly a financial agent of the government, has changed its role. It now acts as a bridge, or "second floor" bank, obtaining financing through multilateral organizations and making it available to private banks as credit for their own clients. Corinne Schmidt-Lynch

ECONOMIC INDICATORS



Sources: National Statistics Institute, Central Reserve Bank, Apoyo S.A., Lima Stock Exchange.

SURGING STOCK MARKET SET TO EXPAND AND MODERNIZE

The informal traders milling around the doors of Lima's stock exchange belie the multimillion-dollar transactions taking place inside. "They're just another one of this country's idiosyncrasies," says José Luque, president of the Lima Stock Exchange.

Turnover on the steps of the exchange represents only a small fraction of the \$12 million that changed hands inside the bourse every day in October. After nearly tripling from \$200 million in 1991 to \$550 million last year, value traded on the Lima exchange topped \$1 billion in September, and some analysts expect it could reach \$1.5 billion by December.

Dollar profitability, meanwhile, surged from minus 95 percent in 1988 to 127 percent in 1992, with brokers estimating profitability this year at 118 percent. As a result, the once-dor-

mant Lima exchange became the world's second-best performing market last year. Like that of other emerging markets, Lima's rapid growth is powered by a handful of blue chips: breweries, banking and the Lima telephone company, CPT.

With stocks booming, the trading floor is so crowded that Mr. Luque is finalizing plans to move the exchange to larger quarters early next year. Expansion plans also include new commodities and futures markets and an electronic bond market.

The Lima bourse, which pockets a cut of total trade, has earmarked this year's estimated \$800,000 in revenue for its expansion plans, expected to total around \$3 million. The balance will come from a \$2 million loan the exchange is negotiating with the Inter-American Development Bank.

Despite the boom, the number of shares traded remains the same. The number of daily transactions, however, has risen from 80 a year ago to 1,300. "Now some 2,000 people feed off the same menu," Mr. Luque says.

Meanwhile, Citibank NA has opened a brokerage firm, Citicorp Peru S.A., which represents 120 clients, including Merrill Lynch and Solomon Brothers. Citibank was the only foreign bank that weathered the turbulent years of former President Alan García's erratic economic policies and unsuccessful attempt to nationalize the banking system.

"We've never seen anything move so fast," says Citibank's managing director, Rafael Venegas, referring to Peru's economic turnaround. Other foreign banks are coming back, too. Earlier

this year, Crédit Lyonnais gained a controlling stake in the Banco de Lima, while Lima's financially troubled Financiera Nacional went to its major creditors, Chile's Banco O'Higgins and the Netherlands' ING Bank. The Bank of Boston also plans to open a Lima office.

Citibank holds a 20 percent stake in Profuturo, a private pension fund administrator, or AFP, one of eight that have started up since June. Designed to eventually replace the state-run social security institute and modeled on neighboring Chile's highly successful 12-year-old effort, Peru's AFPs already administer \$15 million in savings.

The AFPs will not only guarantee secure pensions to Peruvian workers, but also boost the stagnated Peruvian economy by generating forced savings that

AFP's will invest in the stock market, bonds and other securities.

"By creating new financial instruments, Peru will truly become an emerging market," notes Augusto Mouchard, head of the Pension Fund Superintendency, a government regulatory agency.

Upcoming privatizations, some of which will go through the Lima stock market, are also fueling Lima's bull market. CPT and Entel, Peru's two telecommunications companies, will be sold together early next year. Demand by a few large overseas buyers led to wild price fluctuations in October.

"When the speculation is over and the spread goes down, if you're not 100 percent professional, then you're in trouble," Mr. Venegas says. Since the government privatized the Lima stock market in 1992,

high profitability has attracted more and more investors.

Conasev, the stock and securities commission, has promised to institute same-day payments on the exchange. The commission will also rule later this year on whether Banco de Crédito, a Lima blue chip, can issue American Depositary Receipts, or ADRs, on the New York Stock Exchange. "ADRs are good if they're well-regulated," Mr. Luque says, "but in an emerging market, ADRs can act like a siphon and suck the market dry."

In the 1960s, several Peruvian companies traded on the New York bourse, but all were expropriated and nationalized following the 1968 coup of General Juan Velasco. The Lima Stock Exchange, like the Peruvian economy, has merely swung full circle. A.V.H.



The Government of Perú, through the Special Committee for the Promotion of Private Investment in INTERBANC (Banco Internacional del Perú), has initiated the promotion process for the sale of its 99.8579% shareholding in the bank. INTERBANC is the fourth largest bank in Perú in terms of assets and deposits and has the second largest branch network in the country. Credit Commercial de France (CCF) and Socimer International Corporation (Socimer) are acting as advisors to CEPRI in the privatization of INTERBANC.

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هكذا من الأصل

ECOTOURISM AND ANCIENT TREASURES

The colleagues of former Peace Corps volunteer Wendy Hansen raised their eyebrows when she told them she was planning a trip to Peru. They were thinking about what Peru was like last year, or before, she said. After visiting mountain cities in the Andes and the Amazon rain forest near Iquitos, Ms. Hansen concluded, "This is a different country now."

With social problems being brought under control and privatization boosting competition and lowering prices, Peru is fast losing its reputation as the pariah in the South American travel

tourism, it points to a major recovery. Long a tourist mecca thanks to the stone marvells at Machu Picchu, the gold-filled tombs at Sipán and the vast Amazon rain forest, Peru began to lose ground in tourism during the 1980s with the rise of the Maoist Shining Path subversive movement. The industry took a nosedive when a cholera epidemic struck in 1991, and Shining Path's urban bombing campaign in 1992 only made matters worse. Last year, the country's tourism levels dipped to their lowest point since 1972.

Ms. Canale credits the September 1992 capture of Shining Path leader

Bureau, also lifted a virtual ban on package tours to Peru. Victor Tamashiro, head of Kinjo Travel, says that since July his agency's sales have increased 40 percent over 1992. He says he is expecting overall 1993 sales to be 60 percent to 70 percent better than 1992. "We still have a long way to go," he says, "but we're moving up."

Ms. Canale also says that the government has redesigned the role of the state tourism board, Foptur. The board has been drastically streamlined, with staff cut from 280 to just 20. "Foptur no longer gives out endless numbers of small subsidies to tourism," Ms. Canale says. "Instead, we emphasize infrastructure and image."

The government created Promperu, a new agency charged with promoting Peru's image to investors and the general public. The government's 1993 budget included \$15 million for tourism projects, \$5 million of which went to Promperu.

Among Foptur's projects to improve tourism infrastructure in Peru are airport renovations and a \$4-million project, financed with a World Bank loan, to revamp the tourist railroad that runs from Cuzco to Machu Picchu.

"We're trying to attract not only tourists, but investment," Ms. Canale says. One of the most promising investment projects is a new five-star hotel in Lima.

Orotels, owner of the South American Oro Verde Hotels, and the Custer Group of Lima will spend up to \$100 million on the 240-room facility.

The free market has become the government's lodestar in tourism, as in the rest of the economy. In January, the government sold its airline, Aeroperu, to Aeromexico. The privatization accompanied an airline boom that has sparked a fare war and driven down the cost of both domestic and international flights. In addition to Peru's oldest airline, Faucett, and Aeroperu, there are four

new airlines, all offering regular domestic flights: Aero Continente, Aeromuni, Expreso Aereo and Imperial Air.

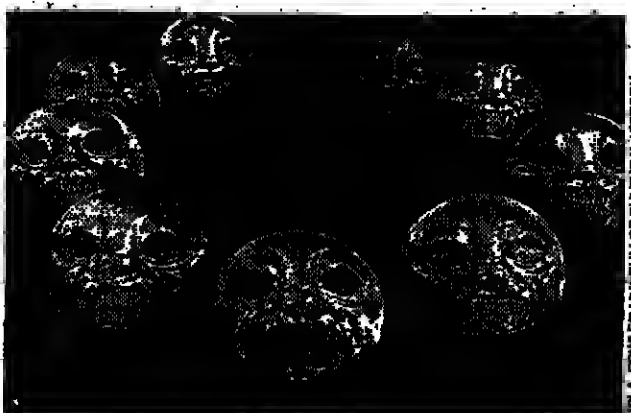
In another move to put the free market to work, the government plans to privatize Enturperu, a state-owned chain of 45 hotels around the country. One project it expects will be especially inviting to investors is the San Antonio Abad convent in Cuzco, which Enturperu is renovating into a luxury hotel. Cuzco, with its Inca ruins scattered around a spectacular Andean landscape, has long been one of Peru's top tourist attractions.

Throughout the crisis, the industry's steadiest performer has been the rain forest around the northeastern city of Iquitos, perched beside the Amazon river. Hotel occupancy there averages over 33 percent, higher than any other city except Lima. Ms. Canale credits ecological tourism, or ecotourism, and Faucett Airlines' direct Miami-Iquitos flight with the region's success. "The whole world is looking at the Amazon," she says. Ecotourism is beginning to recover in southeastern Peru as well, with new lodges scheduled to open in the less-developed department of Madre de Dios.

Another area that has seen tourism increase is the department of Lambayeque, on Peru's northern coast.

boost the flow of visitors to the area. During the collection's absence, Chiclayo's Brüning Museum, already one of the finest in Peru, will build a new million-dollar wing to house the treasures. The Brüning Museum's director, Walter Alva, the archaeologist who discovered the tomb and saved it from looting, says he is counting on both the tour and the new wing "to be a magnet drawing foreign visitors."

Tourism officials are banking on the Sipán collection's current two-year tour of the United States to



Gold objects from the third-century Sipán tomb, discovered in 1987.

At the Sipán site itself, known as Huaca Rajada in the countryside south of Chiclayo, the Brüning Museum has filled the tomb with replicas so visitors can see how they were discovered. A small site museum describes both the Moche culture and the tomb's excavation. Investors farther afield also see Sipán as a gold mine. A new hotel is planned in the resort of Tumbes, a half-hour flight from Chiclayo, in the hope

that the combination of beaches and golden treasures will prove irresistible to tourists.

While waiting for the flow of foreigners to return, Foptur is also trying to boost domestic tourism, especially in colonial cities like Ayacucho. In April, its Holy Week celebration drew thousands of Peruvian tourists. For the first time in over a decade, the city's hotels posted no vacancies. C.S.L.

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The discovery of the Sipán treasure has boosted tourism in the northern coastal area of Lambayeque.

business: "I expect explosive growth next year," says Pablo Lopez, an advisor to the Ministry of Industry and Tourism.

The number of foreigners arriving in Peru in the heavy tourism month of August shot up 40 percent in 1993 over August 1992. According to the vice minister for tourism, Liliana Canale, even though that figure covers all foreign arrivals, and not just

Abimael Guzman and the subsequent decline in the group's fortunes as well as the subsiding of the cholera epidemic with this year's improvement.

Early this year, the United States and Japan revised their government travel advisories to paint a slightly less bleak portrait of Peru. Major international travel wholesalers, like Global Getaways of New York and the Japan Travel

many of the free-market reforms during his two-year tenure as finance minister.

Economists say that speculation on the booming stock market accounts for much of the foreign capital now flooding into Peru. "The kind of investments you want to attract are medium- and long-term investments in manufacturing and agri-business," says Francisco Sagasti, a senior researcher at Grade, a Lima think tank, and a former chief of strategic planning at the World Bank.

The president's reforms, most business executives agree, are very promising in the long term, although in the short term, the model may need some remedial action. Even government advisors concede that tax revenue, now at 10 percent of GDP, has fallen short of its target. "The problem is," says Mr. Bustamante, "that it's not part of our culture to pay taxes."

Others are more optimistic. John Pepper, president of Procter & Gamble, recently announced in Lima that P&G planned to invest \$30 million over the next three years in its Peruvian subsidiary. While admitting that doing business in Peru has been challenging, he adds: "I believe that President Fujimori and this administration are doing an outstanding job."

Adriana von Hagen

from places like New Zealand and the Netherlands pay only a 15 percent tariff. Gloria's sales fell from a peak of 500,000 boxes in 1988 to roughly 340,000 this year and last. Nevertheless, in July, Gloria bought a yogurt plant in Lima. After a total investment of \$3 million, including the purchase price and re-equipping, the company plans to open the factory next March. Plans are also being made for a second ice cream factory, either in Chiclayo or in Arequipa. To build the factory and to equip a franchise chain, the company will receive a \$5.5 million loan from the Andean Development Corporation. "All our products are aimed at the Peruvian market," says Mr. Santisteban, "and we're showing that though it's still a small market, there's room for growth." C.S.L.

AN ECONOMIC COMEBACK

Continued from page 16

"For 10 years, there was no dialogue at all," says Alfonso Bustamante, minister of industry and prime minister. "Now, everyone is well-disposed to reach an agreement. But there is much to be unraveled."

Putting Peru's economic and social house in order has not been without its reverses, especially after April 1992, when Mr. Fujimori seized near-dictatorial powers in a military-backed "self-coup." Talks with creditors ground to a halt, and many countries froze aid. Bowing to international pressure, President Fujimori called elections in November 1992 to replace the Congress and rewrite the constitution.

The new charter, approved by a 4 percent margin in a constitutional referendum on Oct. 31, provides a "clear, legal framework for investments," Mr. Bustamante says. "Now, Peru's economy is one of the most open in the world."

Foreign investment, stagnant at about \$1.2 billion in 1989 and 1990, has risen to a projected \$2 billion this year. To sustain steady growth, Mr. Bustamante estimates Peru needs about \$5 billion a year in investments. "Foreign investment is coming, and it's coming strong," says Carlos Bolona, who spearheaded

many of the free-market reforms during his two-year tenure as finance minister.

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BUSINESS BRIEFS

Taking its cue from the upswing in tourism, the Las Dunas Hotel, one of Peru's top resort hotels, has launched an expansion program worth an estimated \$400,000. Located in the 330 kilometers (205 miles) south of Lima, Las Dunas already has 106 rooms and recreational facilities including pools, an eight-hole golf course and lighted tennis courts. The hotel is now adding an additional 24 rooms and will build a 20-meter (66-foot) water slide. "We've gone up 35 percent over last year in occupancy," says Eduardo Ronald, the hotel's development manager. "Now that the situation is improving, we can go ahead with the construction." Publicly traded as part of Invertur on the Lima Stock Exchange, Las Dunas has about 700 shareholders. The majority owner is the Picasso

Group, which owns the Banco Latino as well as another Ica hotel, the renovated turn-of-the-century Hotel Mossone.

Peru's top producer of evaporated milk and ice cream, the Rodriguez Group, which owns the Leche Gloria milk company and the Donofrio ice cream concern, has weathered the country's grinding recession and is now starting to expand. "It was a tough economic adjustment," says the group's director of institutional relations, Jorge Santisteban. "The recession was inevitable, but we've come out of it healthier." In addition to a sharp drop in overall consumption levels, Gloria milk faced a suddenly open market in which competitors

from places like New Zealand and the Netherlands pay only a 15 percent tariff. Gloria's sales fell from a peak of 500,000 boxes in 1988 to roughly 340,000 this year and last. Nevertheless, in July, Gloria bought a yogurt plant in Lima. After a total investment of \$3 million, including the purchase price and re-equipping, the company plans to open the factory next March. Plans are also being made for a second ice cream factory, either in Chiclayo or in Arequipa. To build the factory and to equip a franchise chain, the company will receive a \$5.5 million loan from the Andean Development Corporation. "All our products are aimed at the Peruvian market," says Mr. Santisteban, "and we're showing that though it's still a small market, there's room for growth." C.S.L.

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SPORTS

In Women's Tennis, No Nostalgia as 'the Weird Year' Finally Ends

By Robin Finn
New York Times Service

NEW YORK — The women's tennis game, though its administrators are loathe to admit it, fell into a strange limbo the instant the curtain closed on the \$3.5 million Virginia Slims Championships late Sunday afternoon after the event played to a nonrecord total of 100,784 fans at Madison Square Garden last week.

Nobody waxed nostalgic over 1993, a year marred by a quasi-assassination attempt on the world's best player; the expulsion of another top player's father from the Kraft Tour because of his abusive behavior, and the demise of the Kraft Tour itself, a corporate decision that has left women's tennis sponsorless.

Even the player who made a record \$2.8 million playing tennis this season on the women's circuit said she was happy to see 1993 come to an end. That player was Steffi Graf, and she had a stellar year that included three Grand Slam titles. Gabriela Sabatini, who did not have a stellar year and has not had one in three years, said she, too, was relieved that 1993, "the weird year," was over.

Even Mary Pierce, who last week earned her first victories over Sabatini and Martina Navratilova and calls the separation from her banished father a career liberator, could not wait for this "tough year" to conclude.

And America's best hope, the Olympic gold medalist Jennifer Capriati, did not even wait for the year to end; she removed herself from the tour in September and simply never came back.

Neither did Monica Seles, whose year ended in April when she was stabbed in the back by a deranged German in the midst of a quarterfinal match at the German Open. The assailant wanted Seles dethroned by Graf, and that is exactly what happened in 1993.

"I can't face myself out playing," Seles said, "and missing the Grand Slams is what really kills me. Anyone who says I'm enjoying this time off is nuts."

Seles is still uncommitted for 1994, and recent reports say that she, like Capriati, will not be around to represent women's tennis at 1994's first Grand Slam tournament, the Australian Open in January.

Navratilova, 37, is still ranked in the top three, something of an aberration in a sport that puts its players into harness at 14 with the explanation that the teen years can be the peak years. She will be back in 1994 but has already announced her retirement for 1995. And final year or not, Navratilova is passing on Australia as the opening site for her goodbye tour.

Kraft, the tour's sponsor for the last four years, is a

'It's about time that women's tennis begins to treat itself as a business, not as a country club.'

Gerard Smith, head of WTA

definite no-show for 1994. As of the final shot struck in the women's final between Graf and the runner-up, Arantxa Sanchez Vicario, on Sunday, Kraft was relieved of its responsibility to women's tennis.

With the blessing of the Women's Tennis Council, which runs the sport, and the Women's Tennis Association, which represents the players, Kraft extricated itself from the final year of its sponsorship contract with a buyout that will ultimately save Philip Morris, Kraft's parent company, \$5 million in operating expenses. Once it decided not to renew its contract, Kraft preferred not to be a lame duck.

In 1994, there will be no tour sponsor — or rather, in a bit of hubris born of necessity, the tour will sponsor itself and be known, in the interest of building equity in itself, as the WTA Tour.

"It creates a transition year," said Gerard Smith, head of the WTA.

Smith predicted that the tour would find a sponsor, and appoint a chief executive officer, before the end of 1994.

"It's about time that women's tennis begins to treat itself as a business, not as a country club," said Smith, whose efforts to urge the players toward autonomy did not make him popular with Kraft or the International

Tennis Federation. Smith said he had no interest in the chief executive officer post.

"I'm not, from a political standpoint, the right person for it because people feel I've run roughshod, bruised some egos," he said. "But if you don't force change, you don't grow. I couldn't be more convinced about that." The tour will not find it simple to land a single global sponsor, although there is hope that a giant like Fuji or Pepsi or Procter & Gamble, which was interested in 1989, will step forward.

But what should be simpler is the appointment of a woman to the new position of chief executive officer. Sara Fornaciari, a WTC member who was under consideration for Smith's post, and Jane Brown, the head of the Tennis Hall of Fame and reportedly a candidate for the vacant U.S. Open tournament director's position, are only a few of the qualified contenders.

"There's hope that the new CEO will be a woman," said Pam Shriver, the WTA president. "I believe it will be a woman, but not at the cost of having the best person in the job. Being female is not in the job description."

Starks Ties Record, Breaks Nose and Outshines Ewing

By Clifton Brown
New York Times Service

NEW YORK — Who can figure out John Starks? On Saturday night, his shooting was horrific. On Monday night, he was terrific. And it took a broken nose to distract him from a record-tying shooting performance.

In scoring 37 points, Starks tied a National Basketball Association record with seven 3-point field

NBA HIGHLIGHTS

goals in the first half, propelling the Knicks to an easy 119-87 victory over the Miami Heat at Madison Square Garden.

On a night when Patrick Ewing returned to the lineup, Starks grabbed the limelight. Coming off a 4-for-21 shooting performance against Utah on Saturday, Starks kept bombing the Heat from long distance, until a broken nose suffered just 18.9 seconds before half-time finally broke Starks' spell.

The injury occurred when Brian Shaw's elbow accidentally struck Starks in the nose as Shaw was trying to shoot a layup over Starks. Starks returned to start the second half wearing a facemask. Just as he did last season when he broke his nose March 4 against Utah.

Starks' nose may be fragile, but his spirit is not. The injury snapped Starks out of his shooting zone in the second half, when he scored just 6 points. But his 31-point first-half barrage electrified the capacity crowd, which raised the decibel level with each basket.

After the game, Starks spoke with his nose still bleeding. The broken bone actually protruded slightly through the skin when it occurred, but no one familiar with Starks' toughness doubted that he would return to the game.

"I was like a boxer. I guess," Starks said. "I knew it was broken right away. Believe me, I was in a lot of pain at that particular time."

Asked about his shooting display, Starks said: "It kind of snowballed. I shot well in warmups, and that's usually when I can tell if I'll

have a good night or not. Fortunately, it carried over to the game."

The victory snapped New York's two-game losing streak, as the Knicks built a 64-39 halftime lead and were never threatened. Rony Seikaly (16 points) led Miami, which has never won in its 12 games at the Garden.

The nose injury was the only low point of Starks' evening, as he tied Michael Adams (1989) and John Roche (1982), both of the Denver Nuggets, for the most 3-point shots made in one half.

Oddly, the league record for 3-pointers in a game is 10, set last season by Shaw, whose elbow on Monday night broke Starks' nose and spell.

As for Ewing (12 points), he moved as if he was hardly bothered by the strained neck that kept him out of two games and made him ineffective in two others.

"I still have some discomfort, but it feels a whole lot better than it did," Ewing said of his neck.

In other games, The Associated Press reported:

Pacers 102, Celtics 71: Indiana spoiled number-retirement ceremonies for six Boston Celtics standouts at Hartford Civic Center as Rick Smith scored 27 points, including the Pacers' first 10 of the third quarter.

Dale Davis added 13 points and had 14 rebounds for Indiana, which over trailed and out-bounded the Celtics 49-34.

Larry Bird, Dennis Johnson, Jo Jo White, John Havlicek, Dave Cowens and Don Nelson were honored in the halftime ceremonies. Space was left on the banner for the numbers of Kevin McHale and Reggie Lewis.

Spurs 110, Clippers 98: David Robinson scored 28 points and Dennis Rodman grabbed 22 rebounds as San Antonio won at home against Los Angeles for the ninth straight time.

Dale Ellis had 25 points for the Spurs, who led by 23 points in the first half before the Clippers closed to 93-84 in the fourth quarter.



New York's John Starks driving around Miami's Brian Shaw, whose elbow later broke Starks' nose. But Starks tied Shaw's record of seven 3-pointers, fueling the Knicks' 119-87 victory over the Heat.

Rangers Win Bidding for Clark With \$30 Million, 5-Year Deal

Compiled by Our Staff From Dispatches

ARLINGTON, Texas — First baseman Will Clark, one of the top two free-agent hitters available, has signed a \$30 million, five-year deal with the Texas Rangers.

Clark had said he wanted to stay with the San Francisco Giants, where he has been for eight years. But the Giants were not willing to offer him a contract as long as the one that he signed with Texas.

Rafael Palmeiro, the other top free-agent hitter, probably will leave the Rangers following Clark's signing on Monday.

Clark, who finished a \$15 million, four-year deal this season, visited the Baltimore Orioles last weekend. But his lawyer and agent, Jeff Moorad, could not work out a deal despite extensive talks.

The Orioles had been close to reaching agreement with Clark on a five-year, \$30 million deal. But the talks ended Monday at about 1:30 A.M. They broke down, according to two people familiar with the negotiations, after Peter Angelos, the Orioles' new owner, got involved.

Clark, 29, also had an offer from the Colorado Rockies, but his first preference was to stay with San Francisco. When the Giants' owner, Peter Magowan, and general manager, Bob Quinn, would not offer a guaranteed deal for more than three years, Clark went with the Rangers.

The Orioles, meanwhile, were pondering the possibility of pursuing Palmeiro. And Gene Michael, the Yankees' general manager, said Monday that he would be speaking with Palmeiro's agent, Jim Bronner. The Yankees have thoughts of using Palmeiro in right field.

Clark gets a \$2 million signing bonus, \$4 million in 1994, \$5.7 million in 1995, \$6 million each of the 1996 and 1997 seasons and \$6.25 million in 1998. He has a no-trade clause for the first two years and a limited provision in the final three in which he can block trades to other teams.

Clark hit 301 with 29 homers and 116 RBIs in 1991, but slumped to 300 with 16 homers and 73 RBIs in 1992 and 283 with 14 homers and 73 RBIs this season. He was a fan favorite with the Giants.

"Although we were unsuccessful in our attempt to re-sign Will Clark, the Giants made a very substantial offer," Quinn said. "We cherish memories he has provided Giants fans over the past several years."

Clark's signing follows Palmeiro's rejection of a \$26 million, five-year offer from the Rangers.

Clark made \$4.25 million last season; Palmeiro made \$4.55 million.

The Rangers' president, Tom Schieffler, and general manager, Tom Grieve, said that their need

for a left-handed power hitter — and the fear that they may not end up with either player if they didn't act fast — prompted the move.

Both said they were disappointed that they had not signed Palmeiro, and that he had been their first choice. Grieve said they had had an emotional conversation with Palmeiro on Monday, but that they could not come up with the money that he was demanding.

Schieffler said Palmeiro's original demand, which Schieffler said was "substantially more than \$30 million," had gone up even more.

"Palmeiro chose not to come off his original offer one penny; in fact, he went up," Schieffler said.

Palmeiro said Clark, who was a teammate at Mississippi State, undercut him.

"That's Will," Palmeiro told the Fort Worth Star-Telegram on Monday. "That's the way he is. He's got no class. Friendship didn't matter to him. He was looking out for himself. I don't think much of Will. He's a low-life."

Palmeiro described the organization as "low class" and called Schieffler "a backstabbing liar."

"They never gave me the option of getting back with them," he said. "It was unprofessional. But that's the way Schieffler operates."

(AP, NYT)

NHL and Referees Break Off Negotiations

New York Times Service

NEW YORK — Negotiations aimed at ending an eight-day strike by National Hockey League officials broke off in Buffalo, New York, amid a growing chorus of complaints about the substitute referees.

"We have differences on money, term and retroactivity," Commissioner Gary Bettman said in a statement on Monday. "We'd like to get a deal done, but we can't yet. We'd like these guys back, but they are not ready to lower their expectations."

Don Meahan, an agent representing the NHL Officials Association, was not available for comment.

Players and coaches around the league have complained about penalties not being called and the rising level of violent play as players take justice into their own hands and sticks.

"Fighting is up by a fairly large factor," said Bob Goodnow, executive director of the NHL Players

Association. "The problem is they can't get quality refs to any degree to fill a full slate of games. The players are starting to be concerned. They are kind of getting fed up with the situation. I just have my fingers crossed that nobody gets hurt and they get the thing settled."

"If things degenerate on the negotiating table, they will degenerate on the ice," he added. "They got away with it for a couple of days. They've got the B team and the C team out there."

John Martin, of the Boston office of the Federal Mediation and Conciliation Service, said he contacted both sides to offer his services last week but that neither had requested that he join the negotiations. Martin said Monday night that he would try to enter the dispute Tuesday.

"Maybe this is a good time to reach out again," he said, "a time for a little arm-twisting."

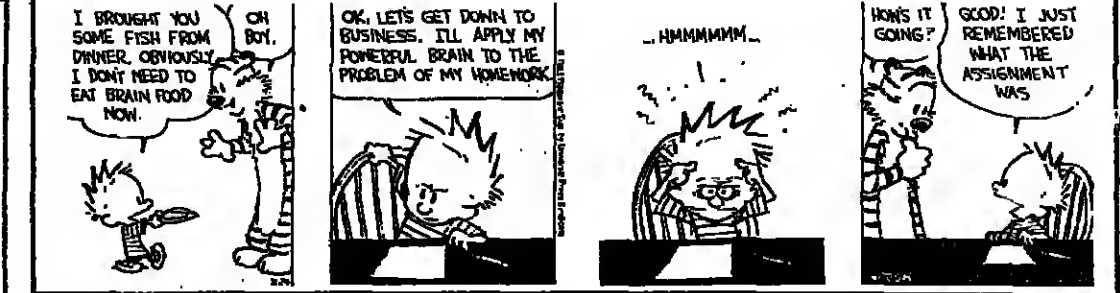
DENNIS THE MENACE



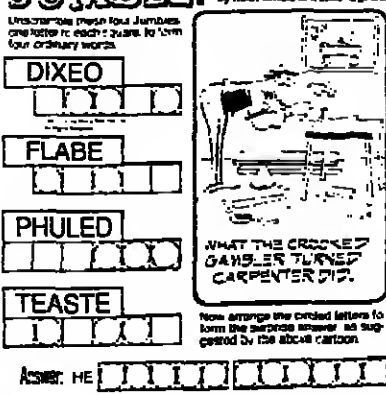
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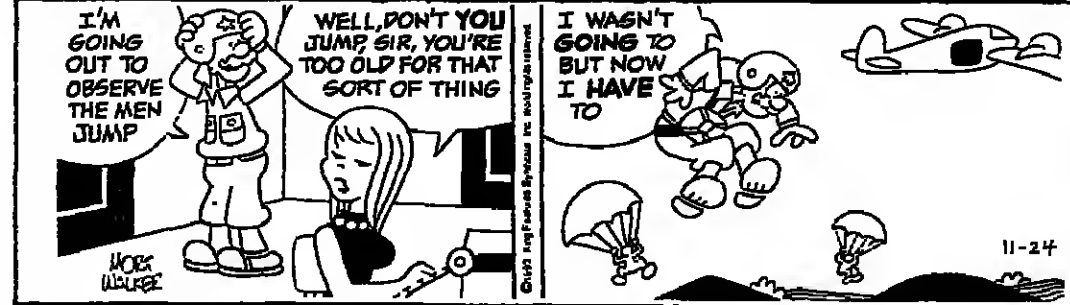
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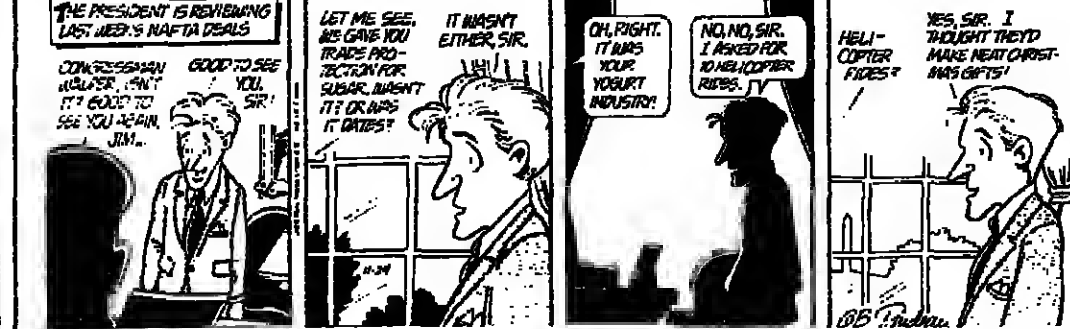
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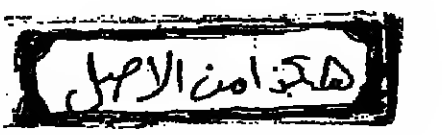


GARFIELD



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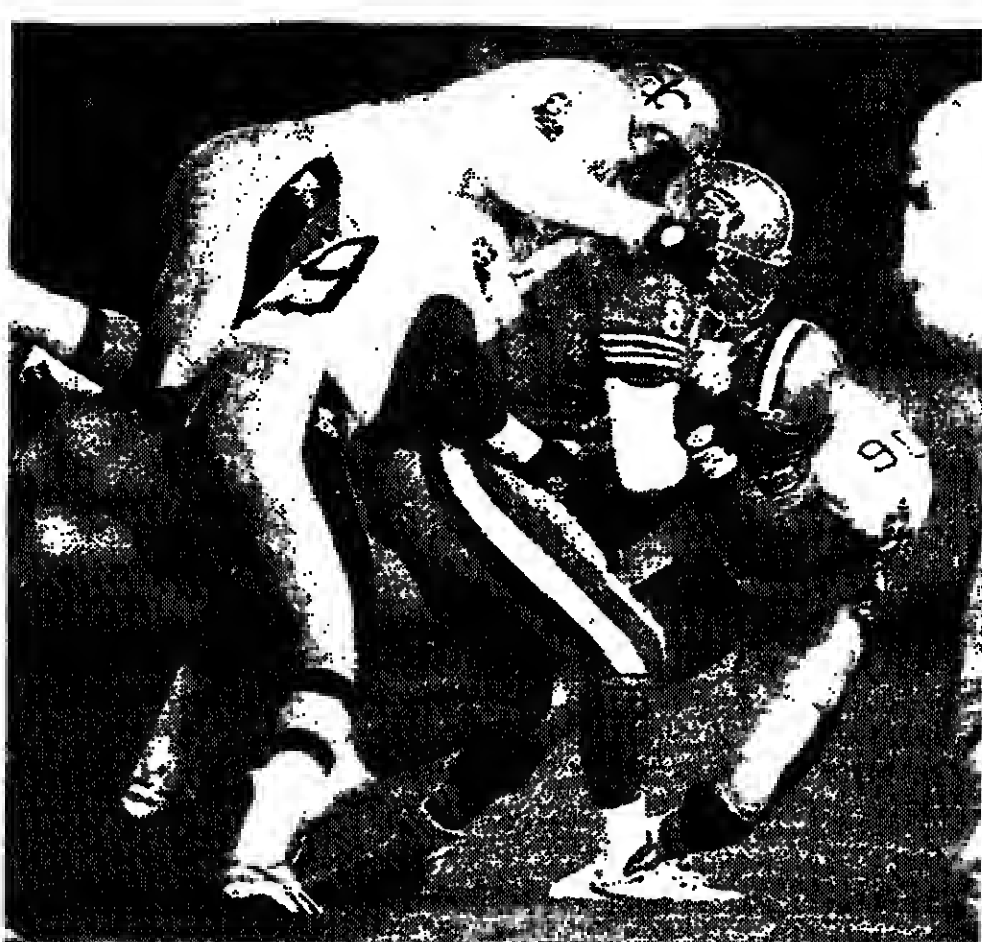


SPORTS

With 42-7 Rout, 49ers Knock Saints Out of NFC West Lead

The Associated Press SAN FRANCISCO — This time, the San Francisco 49ers never gave Morten Andersen a chance. They raced to a 28-0 lead, ignited by Merton Hanks's 67-yard interception return for a touchdown, and emerged with a 42-7 National Football League victory Monday night over the New Orleans Saints.

close finishes with their biggest victory over the Saints since beating them by 40-0 in 1973. "They manhandled us in every phase of the game," said Wade Wilson, the New Orleans quarterback, who threw for just 46 yards and was intercepted three times before being replaced by Mike Buck in the third quarter.



Saints' defenders mobbed San Francisco's Brent Jones, but the 49ers still swamped New Orleans.

Taylor Resigns As England's Soccer Coach

Reuters LONDON — Graham Taylor on Tuesday gave English soccer what it demanded — his managerial head — and opened the way for a revolution in the game's national hierarchy.

Will the Bulldog's Fall Give Rise to a New Breed of English Soccer?

International Herald Tribune LONDON — After the fall of England from the World Cup contention comes the battle for the soul of its next generation of soccer players.

Rob Hughes is responsible for results, England had failed to reach the 24-nation World Cup in the United States in 1994, and Taylor's departure was automatic.

Bearley and Gary Lincker — on the basis of their age rather than their usefulness to the team. He has been deeply hurt by failure. He has sat before us defiant as the quarry before the press hounds.

Taylor who is accused and pilloried. He says he can stand it. But Taylor hates badly. He talked before last week's final qualifier of his "dream" to take England to America.

Bergkamp, a player of true international quality, technique and worldliness, scored twice in Poznan and the Dutch comfortably beat the Poles.

It appeared that the F.A.'s long-term strategy would now be to adopt a two-tier system similar to that favored by a number of national teams.

SIDELINES

2d German Swimmer Fails Dope Test

BONN (Reuters) — A second German swimmer in two days has failed a dope test and faces a possible two-year ban from the sport, a German swimming association official said Tuesday.

Australia Names Davis Cup Team

LONDON (Reuters) — Richard Fromberg, as expected, has won a place in Australia's team for next week's Davis Cup final in preference to Jason Stoltenberg, the event's organizer, the International Tennis Federation, said Tuesday.

U.S. Says 4 Cubans Seek Asylum

SAN JUAN, Puerto Rico (AP) — A U.S. immigration official confirmed Tuesday that four Cuban athletes taking part in the Central American and Caribbean Games here have sought political asylum in the United States.

For the Record

Julio Cesar Chavez, Terry Norris and Michael Nunn will defend world boxing titles on Dec. 18 in Pueblo, Mexico. The tripleheader came about because of a change in the date of Chavez's defense against Andy Holligan of Britain and a site change in scheduled defenses by Norris and Nunn, a spokesman for promoter Don King said Monday.

SCOREBOARD

HOCKEY

NHL Standings table with columns for Eastern Conference and Western Conference, listing teams like NY Rangers, Philadelphia, Washington, etc.

FOOTBALL

NFL Standings table with columns for Eastern Conference and Western Conference, listing teams like Buffalo, Miami, NY Jets, etc.

BASKETBALL

NBA Standings table with columns for Eastern Conference and Western Conference, listing teams like Boston, Detroit, etc.

TRANSACTIONS

BASEBALL American League BALTIMORE — Agreed to terms with Sid Fernandez, pitcher, on 3-year contract.

INTERNATIONAL CLASSIFIED

(Continued From Page 17) MORRISON CLUB - VIENNA ESCORT Tel: 0272 56 86 84. ZURICH + SUSAN - Escort Service. Tel: 021 732 30 49 - 071/259280.

Herald Tribune advertisement: LIVING IN THE U.S.? NOW PRINTED IN NEW YORK FOR SAME DAY DELIVERY IN KEY CITIES. TO SUBSCRIBE, CALL 1-800-882-2884.

ESORTS & GUIDES BELGRAVIA ORCHIDS BELLE EPOCH MERCEDES advertisement listing various services and contact information.

INTERNATIONAL CLASSIFIED advertisement listing various international services, escorts, and agencies.

Latin America: A New Investment Partner London advertisement featuring a calendar for Thursday 9 and Friday 10, and a 'MARK YOUR AGENDA NOW!' section.

OBSERVER

The Grocery Bloc

By Russell Baker

NEW YORK — When history honors the role played by victuals in the annals of the Great Republic, let it be recorded that it was the fruit-and-veggie bloc that saved the White House's bacon when the North American Free Trade Agreement was in jeopardy at the Capitol.

To say that the president bought a victory with oranges, tomatoes and cucumbers would be unkind to the Congressfolk of the garden and sunshine states. Clinton had predicted that many patriotic Congressmen would bravely risk their political careers "to do what they think is right."

Justice compels us to concede that risking their political careers may have been what the fruit-and-veggie bloc were doing when they told the White House it could stick free trade in its ear unless tomatoes, cucumbers and Florida orange juice were protected from foreign competition.

The evidence, however, suggests they were less interested in doing what was right for the republic than in doing what was right for business that flourish in their districts, or to put it in plainer English, for themselves.

Having been told for years by demographers and political analysts that the American farmer is as gone as the horse collar, I was astonished to learn from this event that it ain't so. The tomato farmer and the cucumber grower not only live, they also have power to make Congressmen force the president to excuse them from enjoying the blessings of free trade.

A cucumber lobby? Who would have guessed it? Could it have been founded by Representative J.J. (Jake) Pickle of Texas?

Not to be outdone in the grocery political competition, beef and wheat were also granted boons by the president. Representatives from wheat-producing areas and cattle zones had seemed strangely indifferent to statements that North American free trade would produce economic marvels.

Could it have been a rare case of Congressional selfishness? Perhaps beef and wheat people were willing to sacrifice the benefits free trade would bring their constituents rather than vote against their

colleagues in organized labor, who feared free trade would finish them off. Not so, as it turned out. Beef and wheat were merely waiting for Clinton to assure them that if they would just vote for free trade he would help them avoid having to compete with other nations' freely traded wheat and beef.

And so the grocery coalition — fruit and veg, beef and spaghetti — was instrumental in giving Clinton his free-trade agreement. There is nothing remarkable about such bartering and buying of votes when a president wants something as desperately as Clinton wants the free-trade agreement.

In close-run fights the politician who holds out until the last moment often may walk away with so much federal gravy that he will need a tank train to get it all out of Washington. The current fight, for instance, has been garnished with the Treasury \$1.4 billion for airplanes the Pentagon doesn't want.

The public usually pays the final bill for these exercises, but an amazing exception occurred during the fight for the first Reagan tax cut in 1981. Then Democrats decided not to fight the big Reagan cuts; instead, they started competing with Republicans to make them even bigger.

Organized labor's disagreement is based on its rust-belt experience with industries that go abroad for cheap labor, leaving ruin and unemployment behind.

Clinton's prediction that North American free trade will invigorate the economy is the only reason he has given labor to love him. Concessions went to the grocery bloc, but not to the rust belt. Ironically, those concessions may result in raising grocery prices slightly for struggling rust-belt workers before the great economic revival begins.

After showing he can get along without Jesse Jackson, the president has now shown he can get along without organized labor. With this rough treatment of old populist elements of the Democratic Party, those who think something new is in the wind now hail him as "a new Democrat." What is that? Seems a little like an old Republican.

New York Times Service

50th Birthday Parties for Jim Morrison

They've just picked me to play the Prince of Denmark Poor Ophelia

By Mike Zwerin

PARIS — There are those who believe that Jim Morrison, the rock star, staged his own death to escape the cage of stardom. Dying at the same age, 27, as Brian Jones, Jim Hendrix and Janis Joplin is somehow too conveniently dramatic to be true. Morrison, the poet and filmmaker, will be 50 on Dec. 8. It is fitting that the celebration is in Paris, where he came for solace and died. Anyway, everywhere, dead or alive, he is wanted.

It is estimated that more than 100,000 people a year visit his grave in Père-Lachaise Cemetery. "Wilderness," a collection of his poems, has been reprinted nine times. Wallace Fowlie, a critic, translator and professor of literature at Duke University, has written a book entitled "Rimbaud and Jim Morrison: The Rebel as Poet," slated for spring publication by Duke University Press. Morrison's poetry is part of the syllabus in several American universities.

Frank Lisciandro's photobook "Jim Morrison: An Hour for Magic" (Piccus, London), including poems, essays and 150 photographs, has been revised and reissued for the occasion. He calls it "let me tell you about a friend of mine sort of book." Black-and-white prints will be exhibited next month (along with photographs of Morrison's grave by Michelle Campbell) at the FNAC book and record shop in Montparnasse, and color photos at FNAC on the Boulevard des Filles.

Lisciandro attended the UCLA film school with Morrison. "We're celebrating Jim's creativity as poet and filmmaker," he said, "to counter the incomplete, superficial, sensational images popularized by record companies and Oliver Stone's movie." "Morrison was not the creation and product of Machiavellian Hollywood puppeteers," Robert Goyer, author of the "One Hundred Dollar Misunderstanding," writes in Lisciandro's book. "[Jim] was a poet of great promise and definitely his own man. . . . When manhandled by the emperor's troops, it seemed, he would rather be killed than humbled." Morrison loved to get in the face of the police, who loved to bust him.

Two of his films will be projected at the Max Linder theater at midnight on Dec. 4 and 5. Lisciandro edited both, photographed one and co-directed the other: "I was passing through Paris and some friends said, 'Let's have a little reading somewhere for his birthday.' It's gotten totally out of hand. I've been running around for months now." The actor John Philip Law will read



Some of the many faces of Morrison captured by Frank Lisciandro in his book "Jim Morrison: An Hour for Magic."

Morrison's poems at the Centre Georges Pompidou at 6 P.M. on Dec. 8. Lisciandro describes Morrison with great care and affection: "He decided not to be possessed by possessions. He did not own a car or a house. The only clothes he owned were on his back. I went shopping with him occasionally and he would take them off, leave them in the shop and walk out with a whole new set of clothes.

"I still cannot get a grip on this phenomenon about his grave. We used to drink beer together, now he's a demi-god to all these kids. They identify. When kids enter their early teens and read his poems, they say 'This is about me.' Reading Jim's poems is an active, not a passive, experience."

The best action might be to run and listen to Bob Dylan. Not to touch the earth Not to touch the sun Nothing left to do But run, run, run Let's run.

Morrison tells us to run, Dylan deals with what will happen when we run out of breath ("Like a Rolling Stone"). But who are we to argue with Wallace Fowlie? Can millions of teenagers be wrong? Morrison was certainly poetic, and it's his birthday. Morrison was caught up in the system.

With creative accounting the money was slow to arrive during his lifetime. He was going to the studio, on tour, to rehearsals and press conferences; doing what record companies, managers and the other musicians wanted him to do. He came to consider himself a prisoner. It was said in the press that his looks were deteriorating — fans did not approve of the beard he grew (to be able to walk down the street unopposed) and the weight he put on. He was drinking a bottle of Courvoisier a day. Real poets are not badmouthed because of their appearance. He had to destroy the myth.

Lisciandro loved and admired Morrison because he was a "caring person with extraordinary creativity and intellect. He was by far the best-read person I'd ever met. Jim read Freud and Jung and admired the poetry of Hart Crane. He read the Beat writers. He was a good friend of Michael McClure, he knew Allen Ginsberg, Kerouac's 'On The Road' was a breakthrough book for him. He had the kind of mind that could absorb, understand and remember. I envied it. He'd buy 20 magazines at a newsstand because he said he could get a review of America just by turning the pages. He'd talk about farmers in Iowa, about a steel mill closing down in Pittsburgh. He loved to discover things.

If you don't care about material possessions and you are not on a power trip, what are the advantages of stardom? He came to Paris because he considered himself a writer and there's a tradition of American writers in Paris. He sent a letter to his accountant asking how long he could live in Paris on the money that he had: "Famela [his wife] and I would like to stay indefinitely." The letter arrived on July 2, 1971, the day before he died.

Lisciandro had never been crazy about The Doors. He preferred to listen to Dylan or Thelma Houston, people who were, unlike Jim, complete professionals who invested everything in their music. Morrison came to music through poetry. He wrote his first poem at the age of 14. Music was a means. He never took it seriously. He had no musical self-confidence. At the beginning he was so ashamed of his voice that he performed with his back to the audience.

An interesting singer at best — a scream or a sick croon. Nothing in-between. A Doors "tribute band" called The Soft Parade will play a birthday concert at La Cigale on Dec. 8: "The lead singer studied Morrison for two years before he sang a note," Lisciandro said. "They're an exact replica, it's scary."

PEOPLE

Pierre Bergé Group Takes On Benetton Ads

An AIDS charity headed by Pierre Bergé, the head of the Yves Saint Laurent fashion empire, is urging a boycott of Benetton products in the latest outcry against a Benetton advertising campaign. The campaign, using photographs of tattoos that say "HIV Positive," has already inspired lawsuits by French, Italian and British governmental groups. The protest ad from Arcat Sida, a French non-profit organization with many members who work at fashion companies, features a photograph of a condom stuffed full of currencies from various countries, and the tag line "United boycott."

You have a one-in-four chance of catching Chelsea Clinton in the Washington Ballet's "Ntracker." Chelsea, a student at the Washington School of Ballet, is one of four playing the Favorite Aunt in 18 performances. The school maintains that the president's daughter is being treated like the other dancers, so there's no way to find out what night she's on.

William Kennedy Smith pleaded no contest to accusations he punched a bouncer outside a Washington-area bar and has agreed to provide 100 hours of medical care at a community clinic in Chicago.

Zsa Zsa Gabor donated 100 Thanksgiving turkeys to a women's homeless shelter she became associated with while serving a 120-hour community service sentence for slapping a Beverly Hills police officer in 1990.

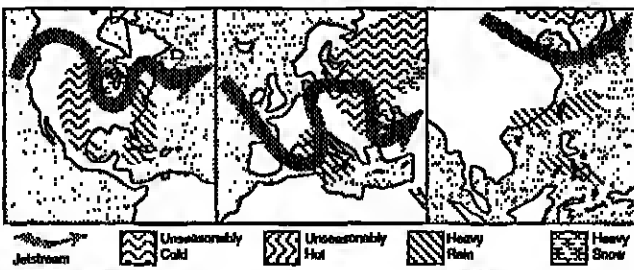
Ginger Rogers returned to the Criterion Theatre in Medford, Oregon, a stage she first graced in 1926, when she was a 14-year-old member of a vaudeville troupe. Rogers appeared at a fund-raiser by a group that wants to raise \$2.9 million to turn the 69-year-old theater into a performing arts center. Rogers was serenaded by a male chorus and took questions from the invitation-only audience.

INTERNATIONAL CLASSIFIED Appears on Pages 16 & 17

WEATHER

Table with weather forecasts for Europe, including cities like London, Paris, Rome, and Moscow, with columns for High, Low, and Wind.

Forecast for Thursday through Saturday, as provided by Accu-Weather.



North America: A large storm will bring snow to the Plains and western Great Lakes later this week. Meanwhile, a cold rain will soak the Appalachians and major East Coast cities Friday into the weekend. Cold weather will plunge southward through Denver and Dallas in the wake of this storm.

Table with weather forecasts for Middle East, including cities like Beirut, Cairo, and Jerusalem, with columns for High, Low, and Wind.

Asia

Table with weather forecasts for Asia, including cities like Bangkok, Beijing, and Tokyo, with columns for High, Low, and Wind.

Asia: Beijing through Seoul will have dry weather later this week with temperatures moderating back toward normal. Much of Japan will have dry, chilly weather. A few snow flurries will continue in northern Japan. Heavy rains will soak the southern Philippines as well as southern China, including Hong Kong.

Table with weather forecasts for Latin America, including cities like Buenos Aires, Mexico City, and Lima, with columns for High, Low, and Wind.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution to a puzzle from Nov. 23.

New York Times crossword puzzle grid with clues for 1-13 and 14-26.

Large advertisement for AT&T Access Numbers. Features the headline "I wonder if the little guy had fun today?" and a list of international access numbers for various countries.

Handwritten signature or mark at the bottom of the page.